

**Exhibit 9**

**Excerpts of July 16, 2014 K. Buckfire Deposition Transcript**

<p style="text-align: right;">Page 1</p> <p>1 KENNETH BUCKFIRE, VOLUME 2  2 IN THE UNITED STATES BANKRUPTCY COURT  3 FOR THE EASTERN DISTRICT OF MICHIGAN  4  5  6  7 In Re: ) Chapter 9  8  9 CITY of DETROIT, MICHIGAN, ) Case No. 13-53846  10  11 Debtor. ) Hon. Steven Rhodes  12 _____  13  14 VOLUME 2  15  16 The Videotaped Deposition of KENNETH BUCKFIRE,  17 a Rule 30(b)(6) witness,  18 Taken at 1114 Washington Boulevard,  19 Detroit, Michigan,  20 Commencing at 8:09 a.m.,  21 Wednesday, July 16, 2014,  22 Before Leisa M. Pastor, CSR-3500, RPR, CRR.  23  24  25</p>	<p style="text-align: right;">Page 3</p> <p>1 KENNETH BUCKFIRE, VOLUME 2  2  3  4 CLAUDE D. MONTGOMERY, ESQ.  5 Dentons US LLP  6 1221 Avenue of the Americas  7 New York, New York 10020  8 Appearing on behalf of the Retirement Committee.  9  10  11  12 JENNIFER K. GREEN, ESQ.  13 Clark Hill, PLC  14 500 Woodward Avenue, Suite 3500  15 Detroit, Michigan 48226  16 Appearing on behalf of the Retirement Systems for the  17 City of Detroit.  18  19  20  21  22  23  24  25</p>
<p style="text-align: right;">Page 2</p> <p>1 KENNETH BUCKFIRE, VOLUME 2  2 APPEARANCES:  3  4 THOMAS F. CULLEN, JR., ESQ.  5 Jones Day  6 51 Louisiana Avenue, N.W.  7 Washington, D.C. 20001  8 Appearing on behalf of the Debtor.  9  10  11  12 CORINNE BALL, ESQ.,  13 BENJAMIN ROSENBLUM, ESQ.  14 Jones Day  15 222 East 41st Street  16 New York, New York 10017  17 Appearing on behalf of the Debtor.  18  19  20  21  22  23  24  25</p>	<p style="text-align: right;">Page 4</p> <p>1 KENNETH BUCKFIRE, VOLUME 2  2 ROBIN D. BALL, ESQ.  3 Chadbourne &amp; Parke, LLP  4 350 South Grand Avenue, 32nd Floor  5 Los Angeles, California 90071  6 Appearing on behalf of Assured Guaranty Municipa  7 Corporation.  8  9  10  11 GUY S. NEAL, ESQ.  12 Sidley Austin, LLP  13 1501 K Street, N.W.  14 Washington, D.C. 20005  15 Appearing on behalf of National Public Financing.  16  17  18  19  20  21  22  23  24  25</p>

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<p style="text-align: right;">Page 93</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 recovery is for the class 9 COPs claims?</p> <p>3 <b>A. Zero to 10 percent.</b></p> <p>4 Q. Now you mentioned a little bit ago that the plan</p> <p>5 contains various settlements in it, correct?</p> <p>6 <b>A. Correct.</b></p> <p>7 Q. Okay. I'm not going to go into the substance of -- of</p> <p>8 all of them, and some of them you can't testify about,</p> <p>9 as you've said earlier, but let me ask did Miller</p> <p>10 Buckfire have a role on behalf of the City in any of</p> <p>11 those settlements?</p> <p>12 <b>A. We had a role in all of the settlements?</b></p> <p>13 Q. In all of them?</p> <p>14 <b>A. Yes.</b></p> <p>15 Q. Without going into the substance of it, what was</p> <p>16 Miller Buckfire's role in connection with the</p> <p>17 settlement process?</p> <p>18 MR. CULLEN: You can describe what your</p> <p>19 role was.</p> <p>20 THE WITNESS: In general?</p> <p>21 MR. CULLEN: In general.</p> <p>22 <b>A. Okay, we provided advice to the emergency manager and</b></p> <p>23 <b>the City of Detroit on the relative value of each</b></p> <p>24 <b>claim that need to be settled, the manner in which the</b></p> <p>25 <b>negotiations should be handled, constructing the</b></p>	<p style="text-align: right;">Page 95</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. Was Miller Buckfire involved in the decision to</p> <p>3 provide a greater percentage of recoveries to classes</p> <p>4 10 and 11 as compared to class 9?</p> <p>5 MR. CULLEN: Objection, foundation, you can</p> <p>6 address that if it makes sense to you.</p> <p>7 <b>A. I was -- and my firm was involved actively in all</b></p> <p>8 <b>analysis of all recoveries for all classes.</b></p> <p>9 BY MR. SOTO:</p> <p>10 Q. That included that comparison of 10, 11, and 9?</p> <p>11 <b>A. Correct.</b></p> <p>12 Q. Do you recall the basis of the decision for the</p> <p>13 differentiation of those classes, 10, 11, and 9?</p> <p>14 MR. CULLEN: I would caution the witness</p> <p>15 not to talk about lawyer/client --</p> <p>16 THE WITNESS: Right.</p> <p>17 MR. CULLEN: -- issues or mediation issues</p> <p>18 with respect to those.</p> <p>19 MR. SOTO: And that can be a standing,</p> <p>20 you've been directed as such.</p> <p>21 MR. CULLEN: I understand.</p> <p>22 <b>A. And I'm just thinking about how I can frame my answer</b></p> <p>23 <b>give me a minute.</b></p> <p>24 BY MR. SOTO:</p> <p>25 Q. Please.</p>
<p style="text-align: right;">Page 94</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 various offers to those creditors for settlement</p> <p>3 purposes, assisting the emergency manager in</p> <p>4 negotiations with creditors to arrive at acceptable</p> <p>5 transactions.</p> <p>6 We did substantial analysis of all</p> <p>7 proposals provided to us by the different</p> <p>8 constituencies and insured along with other</p> <p>9 consultants to the City that the settlements in</p> <p>10 totality would allow the City to propose a feasible</p> <p>11 plan.</p> <p>12 Q. Did Miller Buckfire have a role in developing the</p> <p>13 proposed treatment of each of the classes of unsecured</p> <p>14 claims that we just read about in the disclosure</p> <p>15 statement?</p> <p>16 <b>A. Yes.</b></p> <p>17 Q. And what was Miller Buckfire's role in that?</p> <p>18 <b>A. It's what I just testified to.</b></p> <p>19 Q. The same?</p> <p>20 <b>A. Yes.</b></p> <p>21 Q. Did you have a personal role in that?</p> <p>22 <b>A. In several of the negotiations, yes.</b></p> <p>23 Q. And also in proposing the treatment of each of the</p> <p>24 classes?</p> <p>25 <b>A. Yes.</b></p>	<p style="text-align: right;">Page 96</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. All right, would you please repeat the question?</b></p> <p>3 Q. Sure, and maybe I can make it clearer. What I'm</p> <p>4 trying to determine and see if you have facts on --</p> <p>5 facts on is the process and the elements that went</p> <p>6 into distinguishing classes 10 and 11 as compared to</p> <p>7 class 9 and the recoveries that they were going to</p> <p>8 get?</p> <p>9 <b>A. I see. Well, as a purely financial or banking matter,</b></p> <p>10 <b>it was our judgment that the status of the class 9</b></p> <p>11 <b>claims and the pension and so-called OPEB claims was</b></p> <p>12 <b>basically the same, that is they were general</b></p> <p>13 <b>unsecured claims of the City of lesser priority than</b></p> <p>14 <b>the general obligation claims, certain other claims of</b></p> <p>15 <b>the City. And so that was the starting point of our</b></p> <p>16 <b>analysis and indeed was the basis for the City's</b></p> <p>17 <b>original proposal in June of '13 where all these</b></p> <p>18 <b>claims would be in the same pool and would share pro</b></p> <p>19 <b>rata.</b></p> <p>20 It also became clear to us that as part of</p> <p>21 our financial analysis that even though we believed</p> <p>22 that the claims were general unsecured claims, the</p> <p>23 fact that the COPs claims were indirect obligations of</p> <p>24 the City and not direct obligations to the City had to</p> <p>25 be given some consideration, and that is how we ended</p>

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<p style="text-align: right;">Page 97</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 up recommending to the emergency manager that only 40</p> <p>3 percent of the COPs claims be allowed because we were</p> <p>4 uncertain about what their ultimate status would be</p> <p>5 because again, I'm -- I'm making a legal conclusion,</p> <p>6 but the claim of the COPs against the service</p> <p>7 corporations would result in the service</p> <p>8 corporations's claim being an asset of the COPs and</p> <p>9 that was sufficiently in dispute as to a financial</p> <p>10 matter as to what value would be, we felt 40 percent</p> <p>11 was the appropriate allowed claim.</p> <p>12 Then the distinction we had to draw with</p> <p>13 the class 10 and 11 claims had to take into account</p> <p>14 from a financial matter, the proposed treatment of</p> <p>15 OPEB as a practical matter from the City's prospective</p> <p>16 the financial obligations due to its retirees were</p> <p>17 both pension and healthcare related and because we</p> <p>18 were proposing to substantially impair or eliminate</p> <p>19 our healthcare plans and in consideration for doing so</p> <p>20 move our retirees to new insurance programs of much</p> <p>21 lesser cost, that resulted in a very large claim, but</p> <p>22 therefore, as a practical matter, rather than</p> <p>23 throwing -- using the OPEB claim and the pension</p> <p>24 claims to be pari passu with respect to recovery.</p> <p>25 Part of the settlement discussion with the retiree --</p>	<p style="text-align: right;">Page 99</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 how you put it, how would the fact that those clients</p> <p>3 have claims against the service corporations</p> <p>4 differentiate in their mind?</p> <p>5 <b>A. Well, the City was not the direct obligor of the COPs</b></p> <p>6 <b>That was the whole point of the transactions, it was</b></p> <p>7 <b>an indirect obligor.</b></p> <p>8 Q. So you were taking into account the fact that the</p> <p>9 service corporations would still be there to be able</p> <p>10 pay those obligations?</p> <p>11 <b>A. To the extent they had assets to do so, that's</b></p> <p>12 <b>correct.</b></p> <p>13 Q. Okay. Did you take into account the fact that they</p> <p>14 would only have assets, that the --</p> <p>15 (Electronic telephone statement: Chris</p> <p>16 Filburn, Paul Weiss, has left the conference.</p> <p>17 <b>A. I'm sorry, could you --</b></p> <p>18 MR. CULLEN: He'll be missed.</p> <p>19 BY MR. SOTO:</p> <p>20 Q. Now I've lost it all, Chris. Let's start again.</p> <p>21 Did you take into account the fact that the</p> <p>22 sources of revenue for the service corporations to pay</p> <p>23 the COPs holders was also going to be affected by the</p> <p>24 plan?</p> <p>25 <b>A. Yes, I did.</b></p>
<p style="text-align: right;">Page 98</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 I'm trying to be careful --</p> <p>3 MR. CULLEN: Okay.</p> <p>4 <b>A. -- from a financial prospective, we viewed those</b></p> <p>5 <b>claims as being part of the same pool for purposes of</b></p> <p>6 <b>arranging an overall recovery and therefore how that</b></p> <p>7 <b>recovery would be applied would be up to the</b></p> <p>8 <b>beneficiaries which is now reflected in the plan of</b></p> <p>9 <b>adjustment.</b></p> <p>10 BY MR. SOTO:</p> <p>11 Q. Let me break that down. That was a --</p> <p>12 <b>A. Yeah.</b></p> <p>13 Q. -- pretty cool answer so --</p> <p>14 <b>A. It's complicated.</b></p> <p>15 Q. So taking -- taking the first thing that you</p> <p>16 highlighted, you highlighted the distinction between</p> <p>17 direct and indirect claims and the class 9 claims you</p> <p>18 viewed as indirect and there were other direct claims.</p> <p>19 You said that led to you -- and again, if I'm saying</p> <p>20 something wrong, you correct me, you said that allowed</p> <p>21 to allowing only 40 percent of that claim.</p> <p>22 So can you explain to me what analysis you</p> <p>23 did of what analysis you did of what those claimants</p> <p>24 you mentioned that they had claim -- it would result</p> <p>25 in claims against the surface corporations is I think</p>	<p style="text-align: right;">Page 100</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. So recognizing that if the service corporations had no</p> <p>3 money to pay the COPs holders, you still took that as</p> <p>4 a distinction in allowing only 40 percent?</p> <p>5 <b>A. I did.</b></p> <p>6 Q. And were there any other factors that I missed in that</p> <p>7 exchange?</p> <p>8 <b>A. No.</b></p> <p>9 Q. Then you went on to talk about the proposed treatment</p> <p>10 of OPEB, and I just want to make sure it's clear for</p> <p>11 the record or at least I understand it. So you took</p> <p>12 into account the fact that here were another group of</p> <p>13 unsecured creditors who were going to be impacted</p> <p>14 because you were affecting their pensions and their</p> <p>15 healthcare, correct?</p> <p>16 <b>A. Correct.</b></p> <p>17 Q. Is there anything else you took into account?</p> <p>18 <b>A. I'm not sure how I can answer this question. Can I</b></p> <p>19 <b>just ask?</b></p> <p>20 Q. Sure, please.</p> <p>21 (Counsel confers with the witness.)</p> <p>22 MR. HACKNEY: What was the last question?</p> <p>23 MR. SOTO: Anything else he took into</p> <p>24 account other than the fact that there's a pension and</p> <p>25 healthcare?</p>

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<p style="text-align: right;">Page 105</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 In the context of -- of the plan of</p> <p>3 adjustment that is at issue in this matter now, I</p> <p>4 understand it's going to be amended or at least we've</p> <p>5 been told it is, but as it exists that you can testify</p> <p>6 about, were you involved in analyzing how that plan</p> <p>7 met the best interests tests from an investment</p> <p>8 banker's standpoint?</p> <p>9 <b>A. Yes.</b></p> <p>10 Q. And the "you" I was referring to there was Miller</p> <p>11 Buckfire, but I'm going to ask you again, you</p> <p>12 personally and Miller Buckfire, both?</p> <p>13 <b>A. Yes.</b></p> <p>14 Q. Okay. What was your personal participation in that</p> <p>15 analysis?</p> <p>16 <b>A. Well, I've reviewed proposed treatment of our</b></p> <p>17 <b>creditors consistently since last June, I've been</b></p> <p>18 <b>involved in discussions involving recommendations to</b></p> <p>19 <b>the emergency manager for proposed settlements to make</b></p> <p>20 <b>sure they were consistent with those provisions.</b></p> <p>21 Q. Would you agree that a municipality in a chapter 9 in</p> <p>22 connection with the best interests test should make</p> <p>23 reasonable efforts to repay creditors?</p> <p>24 <b>A. Yes.</b></p> <p>25 Q. And in -- and I understand that you're wearing two</p>	<p style="text-align: right;">Page 107</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>analysis which began last January which we were</b></p> <p>3 <b>intimately involved in along with Ernst &amp; Young and</b></p> <p>4 <b>Conway MacKenzie.</b></p> <p>5 <b>So that leads you to first determine well</b></p> <p>6 <b>how much do you really have available once you take</b></p> <p>7 <b>into account that set of requirements to eliminate</b></p> <p>8 <b>service insolvency, that leaves you with a projected</b></p> <p>9 <b>stream of cash flow which is available for in this</b></p> <p>10 <b>context fixed and unfixed debt obligations and from</b></p> <p>11 <b>that, we then calculate what's available to satisfy</b></p> <p>12 <b>our creditors pursuant to the best interests test.</b></p> <p>13 Q. And so you determined what services this is my</p> <p>14 understanding of what you just said and tell me if I'm</p> <p>15 wrong, you determine what services the City has to</p> <p>16 give, ought to be giving, or isn't giving that it</p> <p>17 should be giving, or is giving too many, you look at</p> <p>18 the services that the City as a City; you start with</p> <p>19 that?</p> <p>20 <b>A. Correct.</b></p> <p>21 Q. And then once you determine, you know, what those are,</p> <p>22 along with all these people that you mentioned</p> <p>23 earlier, the mayor and everyone else, then you see,</p> <p>24 well, what are the revenues that the City has to</p> <p>25 address those?</p>
<p style="text-align: right;">Page 106</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 hats here, and I'm going to ask you an opinion</p> <p>3 question because you're an expert or being proffered</p> <p>4 as an expert, as well. What constitutes a reasonable</p> <p>5 effort to repay creditors in your opinion?</p> <p>6 <b>A. In a municipal context?</b></p> <p>7 Q. In the context of this municipal bankruptcy.</p> <p>8 <b>A. Okay.</b></p> <p>9 Q. Which is unique as you testified --</p> <p>10 <b>A. Yes.</b></p> <p>11 Q. -- at length yesterday.</p> <p>12 <b>A. Well, recognizing that it is a unique bankruptcy in</b></p> <p>13 <b>many ways, we believe and advised the emergency</b></p> <p>14 <b>manager and indeed the State of Michigan from the</b></p> <p>15 <b>beginning of our engagement including, by the way, the</b></p> <p>16 <b>mayor of the City of Detroit, I should have said that,</b></p> <p>17 <b>too, that designing a plan that would take into</b></p> <p>18 <b>account the City's best ability to repay its creditors</b></p> <p>19 <b>had to start with the premise that the City was</b></p> <p>20 <b>effectively service insolvent and that whatever was</b></p> <p>21 <b>available to repay creditors from the cash flows of</b></p> <p>22 <b>the City, that is, the revenues of the City, was</b></p> <p>23 <b>really only available after taking into account the</b></p> <p>24 <b>cost of the revitalization/rehabilitation of the City,</b></p> <p>25 <b>itself, and that was the beginning point of our</b></p>	<p style="text-align: right;">Page 108</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. Well, the revenue analysis on which our financial</b></p> <p>3 <b>conclusions are based is obviously very critical to</b></p> <p>4 <b>feasibility of the plan, itself. Once you understand</b></p> <p>5 <b>how confident you can be in the revenues of the City</b></p> <p>6 <b>on a projected very long basis then you have to apply</b></p> <p>7 <b>those revenues necessary costs to providing essential</b></p> <p>8 <b>services to the citizens of Detroit, and of course a</b></p> <p>9 <b>central element of the plan was effectively a new</b></p> <p>10 <b>program of the reinvestment to take into account the</b></p> <p>11 <b>severe underinvestment by the City in those services</b></p> <p>12 <b>for decades which had been a major factor, itself, in</b></p> <p>13 <b>the decline of the City by encouraging businesses and</b></p> <p>14 <b>citizens to leave.</b></p> <p>15 <b>So by reestablishing adequate services to</b></p> <p>16 <b>address the service insolvency issue, that had a</b></p> <p>17 <b>certain cost associated with it.</b></p> <p>18 <b>A. Once that cost is taken into account, then you have</b></p> <p>19 <b>whatever you have left over from revenues and that is</b></p> <p>20 <b>therefore available to satisfy our obligations to our</b></p> <p>21 <b>creditors.</b></p> <p>22 Q. And I think you said it in a way that I understood, so</p> <p>23 you start by figuring out what the basic services</p> <p>24 should be in a plan that you think is going to work</p> <p>25 that's going to be meeting the tests we talked about,</p>

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<p style="text-align: right;">Page 109</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 and after you determine the cost of that, and you</p> <p>3 think the real revenues are, then you can decide well,</p> <p>4 what's left over for the creditors?</p> <p>5 <b>A. Correct. And of course, we also look at whether there</b></p> <p>6 <b>are other sources of repayment. Certain noncore</b></p> <p>7 <b>assets that might be monetizable, might not, all</b></p> <p>8 <b>disclosed in our original June 2013 report.</b></p> <p>9 MR. CULLEN: 2014.</p> <p>10 THE WITNESS: No, June of '13.</p> <p>11 MR. CULLEN: I'm sorry.</p> <p>12 BY MR. SOTO:</p> <p>13 Q. You mentioned the June 2013 report, and I have only</p> <p>14 one question left that wasn't asked yesterday in some</p> <p>15 way, and that is have you done an analysis of that</p> <p>16 report since then to update it?</p> <p>17 <b>A. Well, everything we've been doing has been based on</b></p> <p>18 <b>the conclusions we laid out in that report in June of</b></p> <p>19 <b>2013. So it's been the roadmap and effectively the</b></p> <p>20 <b>strategy for the rehabilitation of the City since it</b></p> <p>21 <b>was first made public last year. We haven't done a</b></p> <p>22 <b>further analysis because it has been superseded by the</b></p> <p>23 <b>analysis provided in the plan of adjustment and the</b></p> <p>24 <b>disclosure statement.</b></p> <p>25 Q. So the plan of adjustment disclosure statement is a</p>	<p style="text-align: right;">Page 111</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 creditors?</p> <p>3 <b>A. Not independent of what's been disclosed in the</b></p> <p>4 <b>disclosure statement and plan.</b></p> <p>5 Q. So in specifics, what do you believe was done to</p> <p>6 ensure that the treatment of the class 9 creditors</p> <p>7 was -- was fair and equitable?</p> <p>8 <b>A. Well, leaving aside the legal issues, which I'm not</b></p> <p>9 <b>competent to speak to, the allowed claim of 40 percent</b></p> <p>10 <b>as being allowed to participate pro rata with all</b></p> <p>11 <b>other similarly situated claims with respect to B note</b></p> <p>12 <b>recovery, so I believe that satisfies the test.</b></p> <p>13 Q. And anything else other than that?</p> <p>14 <b>A. No.</b></p> <p>15 Q. Moving on to the objection regarding good faith and</p> <p>16 your understanding of it, let me hand you an exhibit.</p> <p>17 We'll put this in context.</p> <p>18 MARKED FOR IDENTIFICATION:</p> <p>19 DEPOSITION EXHIBIT 29</p> <p>20 10:27 a.m.</p> <p>21 BY MR. SOTO:</p> <p>22 Q. Okay, Mr. Buckfire, you've been handed what has been</p> <p>23 marked as Exhibit 29, and it is an e-mail from you,</p> <p>24 Kenneth Buckfire, dated Tuesday, July 30th, 2013, to</p> <p>25 Bennett Bruce -- or I guess that's Bruce Bennett and</p>
<p style="text-align: right;">Page 110</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 progeny of the June 13th plan?</p> <p>3 <b>A. That's right.</b></p> <p>4 Q. Is there anything that you now look back on in seeing</p> <p>5 that June '13 -- June 2013 plan that you think we were</p> <p>6 wrong?</p> <p>7 <b>A. The City was wrong?</b></p> <p>8 Q. Well, you as an investment banker, I don't attribute</p> <p>9 all of that to the City.</p> <p>10 <b>A. I thought we would have more cooperation from the</b></p> <p>11 <b>Counties in creating the authority than we did.</b></p> <p>12 Q. All right, let's -- anything else?</p> <p>13 <b>A. No.</b></p> <p>14 Q. Let's go on to the next one. So one of the other COPs</p> <p>15 holders' objections is that the plan is not fair and</p> <p>16 equitable and you -- you gave and you gave me your</p> <p>17 understanding of what you understood that to mean.</p> <p>18 Q. Would you agree that the COPs holders' claims, the</p> <p>19 class 9 claims, are considered an impaired class?</p> <p>20 <b>A. From a financial perspective, I would deem them</b></p> <p>21 <b>impaired.</b></p> <p>22 Q. Other than what you've testified about today and</p> <p>23 yesterday, did you undertake an analysis to ensure</p> <p>24 that the fair and equitable standard was -- was being</p> <p>25 satisfied with respect to the treatment of the class 9</p>	<p style="text-align: right;">Page 112</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 David Heiman (ph.)?</p> <p>3 <b>A. That's right.</b></p> <p>4 Q. And the subject is Christie's and the DIA. Could you</p> <p>5 take a few moments to take a look at that to refresh</p> <p>6 your recollection of that if you need to?</p> <p>7 <b>A. My recollection is refreshed.</b></p> <p>8 Q. Okay. So I'm going to ask you some specific questions</p> <p>9 but in general. Do you remember this process?</p> <p>10 <b>A. Yes.</b></p> <p>11 Q. What was this e-mail part of?</p> <p>12 <b>A. Can I ask a question to my counsel for a second?</b></p> <p>13 Q. Sure, please.</p> <p>14 (Counsel confers with witness.)</p> <p>15 <b>A. Just wanted to make sure. Well, very early on in our</b></p> <p>16 <b>engagement with the City, I was made aware of the fact</b></p> <p>17 <b>that the Detroit Institute of Arts was effectively not</b></p> <p>18 <b>a separate institution but, in fact, was owned by the</b></p> <p>19 <b>City, although, it was operated by the DIA Trustee</b></p> <p>20 <b>Corporation, the building and collection was</b></p> <p>21 <b>technically owned by the City of Detroit. We</b></p> <p>22 <b>recognized early on that that would require it under</b></p> <p>23 <b>certain scenarios to be valued as a potential noncore</b></p> <p>24 <b>asset and dealt with appropriately if it was</b></p> <p>25 <b>determined that the City would have to seek protection</b></p>

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<p style="text-align: right;">Page 137</p> <p>1           <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2           cooperation of the operators and the trustees than</p> <p>3           over their objections because they made it very clear</p> <p>4           to us that they would fight us to the ends of the</p> <p>5           earth if we touched the collection even though it</p> <p>6           belonged to the City.</p> <p>7           Q. Let me -- let me give you an again this is related to</p> <p>8           the DIA there's all going to be under that subheading.</p> <p>9           This is an e-mail --</p> <p>10                  MARKED FOR IDENTIFICATION:</p> <p>11                  DEPOSITION EXHIBIT 31</p> <p>12                  11:14 a.m.</p> <p>13           <b>A. This is a vacation. I don't have to talk about DWSD</b></p> <p>14           <b>for a while. This is great.</b></p> <p>15           BY MR. SOTO:</p> <p>16           Q. Exhibit 31, and I will tell you the Bates number, it</p> <p>17           is POA 00041062. And it is an e-mail from -- from</p> <p>18           Kenneth Buckfire to Gene Gargaro, dated Monday, April</p> <p>19           29, 2013, subject, DIA visit. Simple statement in it</p> <p>20           and very consistent with your personality here in this</p> <p>21           deposition, you say the DIA is an important cultural</p> <p>22           asset and the board should be proposing something</p> <p>23           dramatic, not just about refurbishing the parking</p> <p>24           garage. What did you mean by that?</p> <p>25           <b>A. That's the first time I've laughed in two days.</b></p>	<p style="text-align: right;">Page 139</p> <p>1           KENNETH BUCKFIRE, VOLUME 2</p> <p>2           <b>A. No, we had no idea, just it would have to be a big</b></p> <p>3           <b>number.</b></p> <p>4           Q. When did the -- I know I have this somewhere in my</p> <p>5           papers, but do you have in your head when Christie's</p> <p>6           actually came out with its assessment?</p> <p>7           <b>A. I think it was right -- right around the -- well, I</b></p> <p>8           <b>first learned of their range before it was published,</b></p> <p>9           <b>sometime in November, and then the published report,</b></p> <p>10           <b>believe came out end of November, early December.</b></p> <p>11           Q. Of 2013?</p> <p>12           <b>A. Yes.</b></p> <p>13           Q. Okay. So -- and I think you might have already</p> <p>14           answered this, did you have anything in particular in</p> <p>15           mind when you used the word dramatic?</p> <p>16           <b>A. A big number.</b></p> <p>17           Q. Okay. This is -- these have become sort of favorite</p> <p>18           phrases, I've been to just a few hearings on this</p> <p>19           matter, but I've heard these questions asked, so I'm</p> <p>20           going to ask you since I've heard other people ask</p> <p>21           them. Do you know if Miller Buckfire and you did</p> <p>22           anything to find out what the 100 most valuable pieces</p> <p>23           of art were in the DIA?</p> <p>24           <b>A. Me personally?</b></p> <p>25           Q. Well, not just you personally, but you and/or Miller</p>
<p style="text-align: right;">Page 138</p> <p>1           <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2           MR. HACKNEY: I was going to say we were</p> <p>3           aligned with you on that one, Mr. Buckfire.</p> <p>4           <b>A. I had a meeting with them, and they said well, what do</b></p> <p>5           <b>you think we should do? I said well, you notice that</b></p> <p>6           <b>the parking garage is dilapidated and condemned</b></p> <p>7           <b>because nobody spent any money on it. Why don't you</b></p> <p>8           <b>offer it as part of your proposal to spend the money</b></p> <p>9           <b>to renovate it so people will come visit your museum,</b></p> <p>10           <b>and they said oh, what a great idea, and I said no,</b></p> <p>11           <b>but you got to do more than that.</b></p> <p>12           Q. Okay. So this was your meeting with Mr. Gargaro where</p> <p>13           you were again discussing some alternatives with</p> <p>14           respect to the maximization of that asset?</p> <p>15           <b>A. Yeah, this was after our first meeting, actually, we</b></p> <p>16           <b>had had a first discussion of the issues, and I had</b></p> <p>17           <b>urged them to think about doing something that would</b></p> <p>18           <b>justify conveying the collection into an authority.</b></p> <p>19           Q. And at this point, you didn't have -- you still or --</p> <p>20           you know what, let me ask you the question instead of</p> <p>21           answering it.</p> <p>22           Did you have any idea in your head at this</p> <p>23           point around April 2013, April 29, 2013, of, you know,</p> <p>24           gee, what would be the right value that the City would</p> <p>25           need to get in order to be able to convey that asset?</p>	<p style="text-align: right;">Page 140</p> <p>1           KENNETH BUCKFIRE, VOLUME 2</p> <p>2           Buckfire, did you guys undertake any other steps other</p> <p>3           than undertaking Christie's?</p> <p>4           <b>A. No, we're not experts in this field, we have no basis</b></p> <p>5           <b>upon which to make that judgement.</b></p> <p>6           Q. And I assume that the answer is still the same, but</p> <p>7           I'll ask again. Do you know if you or Miller Buckfire</p> <p>8           took any steps to try to figure out which of the</p> <p>9           pieces of art were valued at more than a million</p> <p>10           dollars, you know, which -- or which were</p> <p>11           considered -- let me strike that and start again.</p> <p>12           Let's start it this way: Do you know if</p> <p>13           you or Miller Buckfire took any steps to find out what</p> <p>14           the 100 most valuable pieces of art were within the</p> <p>15           DIA collection?</p> <p>16           <b>A. No, aside from retaining Christie's.</b></p> <p>17           Q. Do you know if you or anyone at Miller Buckfire took</p> <p>18           any steps to determine which of the pieces of art</p> <p>19           within the DIA had some restrictions on alienation or</p> <p>20           use or transfer?</p> <p>21           <b>A. No.</b></p> <p>22           Q. And again, you would have been relying on Christie's</p> <p>23           for some of those things?</p> <p>24           <b>A. Correct.</b></p> <p>25           Q. So as you sit here today, do you know if Christie's</p>

Pages 137 to 140

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1 KENNETH BUCKFIRE, VOLUME 2

2 did anything like that?

3 **A. Well, we had directed them, this had been publicly**

4 **disclosed, to review the portion of the collection**

5 **paid for by Detroit City Tax revenues. That was the**

6 **initial mandate they had, that required them to**

7 **appraise, I think, several thousand individual**

8 **objects, and we decided to defer review of the gifted**

9 **items to a later stage if we ever got to that point.**

10 Q. That's the distinction I've heard of where review the

11 ones that are owned by the City, you can get the

12 others later?

13 **A. Paid for by the City.**

14 Q. Paid for by the City?

15 **A. Correct.**

16 Q. Do you know if in the process of doing that that they

17 even of that group, did they -- did they pick, you

18 know, the 100 most valuable of that group, do you

19 know?

20 **A. Well, they appraised several thousand objects. I**

21 **think if you go to their property, which is publicly**

22 **available, they do put out an appraisal by object, so**

23 **you can look at that and figure out that subset.**

24 Q. I see.

25 **A. You can figure out which of the hundred are most**

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1 KENNETH BUCKFIRE, VOLUME 2

2 **valuable.**

3 Q. If they have a value, you can figure that out?

4 **A. Yeah, that's right.**

5 Q. And so -- this is to make sure we get something in the

6 record that we're going to be using in another

7 deposition, and we won't be here long, but let me mark

8 as the next exhibit -- and it's, by the way P-- I'm

9 sure it's probably an exhibit here, it's POA 0000252.

10 MR. CULLEN: Oh, that one.

11 MR. SOTO: Got a good one.

12 BY MR. SOTO:

13 Q. It's entitled Christie's Appraisals, Inc. We'll mark

14 it as the next exhibit.

15 MARKED FOR IDENTIFICATION:

16 DEPOSITION EXHIBIT 32

17 11:21 a.m.

18 BY MR. SOTO:

19 Q. Another way of putting it was oh, that's my favorite.

20 **A. You guys are guys are sick.**

21 Q. You do this enough, you would be too.

22 COURT REPORTER: 32.

23

24

25

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1 KENNETH BUCKFIRE, VOLUME 2

2 BY MR. SOTO:

3 Q. So Mr. Buckfire, I've handed you Exhibit 32, which has

4 on the top of it Christie's, there's a link, and it

5 has a date of 02 August 2013. Do you ever recall

6 seeing a document like this before in connection with

7 your retention of Christie's?

8 **A. Yes.**

9 Q. Is this the time of agreement that was ultimately

10 executed to retain Christie's by the City?

11 **A. The City -- well, this is not signed. The one that we**

12 **signed with them, I believe, was an actual letter,**

13 **which was much more specific as to the scope of**

14 **services delivery of reports and the like. I believe**

15 **this was originally an exhibit to that letter, and it**

16 **may be superseded by it, but we never signed this.**

17 Q. Let me hand you what will be our next exhibit, 33, and

18 it is Bates No. POA00000249.

19 MARKED FOR IDENTIFICATION:

20 DEPOSITION EXHIBIT 33

21 11:23 a.m.

22 BY MR. SOTO:

23 Q. And it's a letter dated -- take a moment to read it.

24 It's a letter dated August 4th, 2013, to Kenneth A.

25 Buckfire from Douglas M., as in Michael, Woodham?

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1 KENNETH BUCKFIRE, VOLUME 2

2 **A. Yes.**

3 Q. Is this the letter you were just referring to?

4 **A. I believe so.**

5 Q. Okay, and so Exhibit 32 would have been attached as a

6 part of an Exhibit 33?

7 **A. That's my recollection. This is their standard**

8 **identification and release agreement, but it's part of**

9 **the actual letter, itself.**

10 Q. And to get it in the record, this Exhibit 33 was the

11 actual formal retention letter of Christie's on behalf

12 of the City?

13 **A. Well, you don't have the signed contract. I know we**

14 **produced it, but I've seen this before. I'm not sure**

15 **which -- what exactly it ended up that the emergency**

16 **manager's office executed, but this is familiar to me.**

17 Q. Well, that's helpful in its own right, so we should be

18 looking for one that's signed somewhere in the --

19 **A. And we did sign one, because I remember seeing it.**

20 Q. And we'll look for it, okay. Other than what is laid

21 out in that Exhibit 33 -- well, first of all, we're

22 not sure that Exhibit 33 is the signed one. Can you

23 tell me in your own terms first if you recall the

24 scope of Christie's engagement?

25 **A. Well, I had negotiated the scope with them, so this is**

Pages 141 to 144



<p style="text-align: right;">Page 157</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. Okay. Was the governor -- in your conversations with</p> <p>3 him, did you express to the governor your duty to try</p> <p>4 to maximize the value of assets for the City in</p> <p>5 connection with an adjustment plan under chapter 9?</p> <p>6 A. I did.</p> <p>7 Q. And so he understood that you were trying to seek to</p> <p>8 maximize the value of this asset, too, the DIA asset,</p> <p>9 correct?</p> <p>10 A. Correct.</p> <p>11 Q. Did -- and you met with him a number of times, and</p> <p>12 that was, again, before the mediation.</p> <p>13 A. That's right. I should note that the meeting -- I'm</p> <p>14 laughing about this because Mr. Gargaro met with the</p> <p>15 governor for the specific purpose of getting us to</p> <p>16 back off and leave his museum alone, and I had warned</p> <p>17 the governor in advance that would be his agenda.</p> <p>18 Q. When you first addressed the issue of the potential</p> <p>19 transfer of the art to the authority, authority using</p> <p>20 your word, was there any conversation with the</p> <p>21 governor then about the pensions or anything like</p> <p>22 that?</p> <p>23 A. Not in this context, no.</p> <p>24 Q. Okay. So we've talked about the State contribution</p> <p>25 agreement and part of the Grand Bargain, and you</p>	<p style="text-align: right;">Page 159</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 because the amount of money being offered was in the</p> <p>3 high end of the range of their report, I was quite</p> <p>4 comfortable, rather, that it was fair to the City.</p> <p>5 The amounts of money being provided by the</p> <p>6 State by foundations and trustees was around \$800</p> <p>7 million, clearly, because those amounts can be</p> <p>8 regarded as gifts because we haven't sold the</p> <p>9 collection, the structure of it from a financial</p> <p>10 perspective was to provide those moneys to the pension</p> <p>11 funds directly, and what the State required was that</p> <p>12 those parties, namely, the pension funds and the</p> <p>13 retirees, dropped and -- or not proceed with any</p> <p>14 litigation against the State post emergence, which</p> <p>15 they viewed, that is, the State as a very material</p> <p>16 consideration in exchange for funding solving. Those</p> <p>17 are the principal economic elements.</p> <p>18 Q. Okay. In connection with -- I appreciate your</p> <p>19 testimony now, and then some things have transpired</p> <p>20 since then, and for example, now there are additional</p> <p>21 analyses done by the City of the art at the DIA</p> <p>22 including art if he is and I know you testified that</p> <p>23 you have and read it do you know if anybody at Miller</p> <p>24 Buckfire is doing an analysis is undertaking an</p> <p>25 analysis of whether or not that new art that's</p>
<p style="text-align: right;">Page 158</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 testified at length about the -- I don't have it, I</p> <p>3 just skipped over, like, five pages of questions, but</p> <p>4 in general terms, what was your understanding of the</p> <p>5 DIA settlement that was going to be a part of the</p> <p>6 Grand Bargain? And I'm not asking you to disclose</p> <p>7 attorney-client privilege or mediation stuff.</p> <p>8 A. Well, from a financial perspective, it incorporated</p> <p>9 the following elements, first, that the millage which</p> <p>10 funds a large part of the operating expenses of the</p> <p>11 DIA would be maintained by the three counties which</p> <p>12 originally had passed the legislation to impose it.</p> <p>13 That's, of course, of material benefit to the City,</p> <p>14 because it means we don't have to come up with 20 or</p> <p>15 \$25 million a year to pay for operating expenses; that</p> <p>16 would be maintained.</p> <p>17 Second, that a -- a collection of local</p> <p>18 foundations, the board of trustees, and the State</p> <p>19 would contribute over time a very material amount of</p> <p>20 capital to the plan, which would be consistent with</p> <p>21 the valuation range of the Christie's report, which</p> <p>22 from my perspective, was very important because until</p> <p>23 we actually had an appraisal and we had facts on which</p> <p>24 to assess any offer for the collection, we would not</p> <p>25 know whether the offer was fair to the City, and</p>	<p style="text-align: right;">Page 160</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 appraisal or analysis whatever it is should affect,</p> <p>3 you know whether or not the value that's being or the</p> <p>4 the value of the Grand Bargain is recognizing the true</p> <p>5 value, maximizing the true value of the DIA and the</p> <p>6 art, I don't even think we've received a copy of it so</p> <p>7 the answer is no.</p> <p>8 Q. Is that something you would want to do in connection</p> <p>9 with your assistance of the City as the investment</p> <p>10 banker in connection with all the work you've done to</p> <p>11 make sure this plan is the way --</p> <p>12 A. Yes, it's simply because we just haven't had the time</p> <p>13 to get to it that we haven't reviewed it yet but we</p> <p>14 haven't even received a copy so...</p> <p>15 Q. If you've testified about this, tell me and for some</p> <p>16 reason it's seemed similar in my head, but do you</p> <p>17 recall alternative -- alternative transactions that</p> <p>18 you evaluated and considered that were alternatives to</p> <p>19 the DIA settlement?</p> <p>20 MR. CULLEN: I believe he did testify to</p> <p>21 some of those earlier.</p> <p>22 BY MR. SOTO:</p> <p>23 Q. That's what I'm wondering if he can --</p> <p>24 A. Well, yes, we've reviewed with Christie's assistance</p> <p>25 other alternatives that have been proposed by others</p>

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<p style="text-align: right;">Page 161</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 including touring fees, lease of the collection, art</p> <p>3 loans, things of that sort, including outright sale</p> <p>4 and we concluded that, you know, there was unlikely to</p> <p>5 generate substantial value, an even in the case of an</p> <p>6 outright sale, that was Christie's view which they've</p> <p>7 publicly stated that it might take years to properly</p> <p>8 monetize a collection because there are unlike the</p> <p>9 corporate securities market where the or the municipal</p> <p>10 securities impact relatively fewer buyers of art at</p> <p>11 any given time and interest for fore to sell art and</p> <p>12 achieve the proper value is not a simple process. As</p> <p>13 you sit here today, do you understand that various</p> <p>14 creditors have objected that that the art is not held</p> <p>15 in a charitable trust and therefore is transferable,</p> <p>16 have you heard that.</p> <p>17 A. I know there have been numerous objections to the</p> <p>18 so-called Grand Bargain, I'm not aware of every</p> <p>19 specific ones.</p> <p>20 Q. What about that one, do you have a recollection of</p> <p>21 that?</p> <p>22 A. Not specifically.</p> <p>23 Q. Did you undertake or -- and this time I'm truly</p> <p>24 meaning you or anyone else at Miller Buckfire and I am</p> <p>25 segregating away your lawyers and all the lawyers that</p>	<p style="text-align: right;">Page 163</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. And I think you've answered this question before but</p> <p>3 you are familiar with the disclosure statement,</p> <p>4 correct?</p> <p>5 A. I am.</p> <p>6 Q. Could you take a moment or two just to review this</p> <p>7 page with me and ask you to read it.</p> <p>8 So looking at it, are you familiar with the</p> <p>9 four indications of interest that are laid out there</p> <p>10 on page 157 that start with this catalyst acquisitions</p> <p>11 L.L.C. and the next one is art capital group L.L.C.,</p> <p>12 the next one is Polly international auction company</p> <p>13 limited and the next one is one management Hong Kong</p> <p>14 limited?</p> <p>15 A. All household names.</p> <p>16 Q. I'm asking if you're familiar with those -- what was</p> <p>17 presented by those entities?</p> <p>18 A. Well, I've never been given the statements of</p> <p>19 interest, the nonbinding proposals so I'm only</p> <p>20 familiar with what's been reported here in the TOA.</p> <p>21 Q. So it was closed in the disclosure statement simply to</p> <p>22 let everybody know that it had happened?</p> <p>23 A. That's correct.</p> <p>24 Q. Did you follow up with any of these to determine</p> <p>25 anything more about the work that they had done or</p>
<p style="text-align: right;">Page 162</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 work with you, but Miller Buckfire and you, did you</p> <p>3 guys undertake to determine, you know, the ownership</p> <p>4 of the art at the DIA and whether it was held in a way</p> <p>5 that it could be transferred or monetized?</p> <p>6 A. No we limited ourselves to the source of funding that</p> <p>7 was used to acquire these objects whether it was a</p> <p>8 gift or purchased by the City.</p> <p>9 Q. And that's not one of the factors you took into</p> <p>10 account in determining well, gee, this is a fair</p> <p>11 market?</p> <p>12 A. No.</p> <p>13 Q. So I think I gave you the disclosure statement</p> <p>14 already. Or you gave it?</p> <p>15 A. I have it.</p> <p>16 Q. And which one is that, Exhibit --</p> <p>17 A. Twenty-eight.</p> <p>18 Q. -- so in the disclosure statement if you'll turn to I</p> <p>19 used 157, but it's also page 172 of 197 of the</p> <p>20 exhibit?</p> <p>21 A. Yes, I see it.</p> <p>22 Q. This limited disclosure statement sort of the mid-page</p> <p>23 it says on it, April 9, 2014, do you see that</p> <p>24 paragraph?</p> <p>25 A. I do.</p>	<p style="text-align: right;">Page 164</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 their level of interest?</p> <p>3 A. No, in order err Houlihan never contacted me or any of</p> <p>4 our bankers to give us any of the specifics about any</p> <p>5 of these proposals, to my knowledge.</p> <p>6 Q. Would you have been interested enter an alternate</p> <p>7 proposals like the ones that are being laid out here?</p> <p>8 A. Well, normally I would, but you know when you look at</p> <p>9 the way they were captioned as nonbinding indications</p> <p>10 of interest, I wouldn't put much value on such a</p> <p>11 proposal. That would call into question their</p> <p>12 ultimate willingness to close on a transaction and</p> <p>13 indeed their interest in the first place. And they</p> <p>14 were never provided to me either, so that tells me</p> <p>15 that there's something straining about this whole</p> <p>16 process.</p> <p>17 Q. Did you reach out to Houlihan to say hey, guys, do you</p> <p>18 have anything more than this?</p> <p>19 A. They've never contacted us.</p> <p>20 Q. I know I got that part of it, I was asking you if you</p> <p>21 reached out to --</p> <p>22 A. No, I haven't called.</p> <p>23 Q. Did anyone else at Miller Buckfire call them to try to</p> <p>24 find out anything about the deals?</p> <p>25 A. Not to my knowledge. But they're not deals; they're</p>

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<p style="text-align: right;">Page 165</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2           <b>nonbinding indications of interest.</b></p> <p>3       Q. Okay.</p> <p>4       <b>A. That's a long way from being an offer.</b></p> <p>5       Q. These nonbinding indications of interest, let me</p> <p>6           correct?</p> <p>7       <b>A. Correct.</b></p> <p>8       Q. So no one at Miller Buckfire ever asked about them</p> <p>9           either?</p> <p>10      <b>A. They're nothing more than what they say they are which</b></p> <p>11           <b>is maybe we'll buy it maybe for this price.</b></p> <p>12      Q. But is it true for an investment banker that's trying</p> <p>13           to maximize an asset to not even call to try to find</p> <p>14           out, well, gee, what are you guys proposing? What is</p> <p>15           this?</p> <p>16      <b>A. Well, this is an effort undertaken by Hoolihan Lokey</b></p> <p>17           <b>(ph.) which of course is a banker to certain creditors</b></p> <p>18           <b>of the City of Detroit. We had assisted the emergency</b></p> <p>19           <b>manager in negotiating the so-called Grand Bargain,</b></p> <p>20           <b>which will generate demonstrable and concrete value</b></p> <p>21           <b>for this collection which is a fact plan to take into</b></p> <p>22           <b>account. These are nothing more than nonbinding</b></p> <p>23           <b>indications of interest a long way from being a -- a</b></p> <p>24           <b>value that one could depend on for purposes as serious</b></p> <p>25           <b>as a plan of adjustment.</b></p>	<p style="text-align: right;">Page 167</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2           contributions from a group of foundations in -- in the</p> <p>3           DIA; is that correct?</p> <p>4       <b>A. In exchange for fully committed financing those from</b></p> <p>5           <b>parties, that's correct.</b></p> <p>6       Q. Looking at the plan as I reviewed it, and I know</p> <p>7           you're familiar with it more so than I am, the</p> <p>8           foundations are contributing \$366 million over a --</p> <p>9           over a period of time, correct?</p> <p>10      <b>A. Correct.</b></p> <p>11      Q. Do you recall the period of time?</p> <p>12      <b>A. I'd have to go back and check it, I think it's a</b></p> <p>13           <b>ten-year period. I know we've produced the consulting</b></p> <p>14           <b>agreement.</b></p> <p>15      Q. I'll tell you -- it's on page 158 or page 173, 197 and</p> <p>16           I handed them to you earlier.</p> <p>17      <b>A. It's a --</b></p> <p>18      <b>A. Which page are you talking about.</b></p> <p>19      Q. Page 158 the DIA settlement we looked at it very</p> <p>20           quickly but it says in that first full paragraph last</p> <p>21           sentence?</p> <p>22      <b>A. I'm sorry, are you looking at the docket page or the</b></p> <p>23           <b>plan page?</b></p> <p>24      Q. Oh, I'm sorry the plan page?</p> <p>25      <b>A. Ah.</b></p>
<p style="text-align: right;">Page 166</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2       Q. So then let me -- I understand that's your view.</p> <p>3           Apart from these that are listed in this disclosure</p> <p>4           statement, were there other entities, I mean did this</p> <p>5           whet your appetite to think well, maybe there are</p> <p>6           other entities who would really be interested in the</p> <p>7           asset that we should contact to try to maximize the</p> <p>8           value of it. Recognize we're talking about these, did</p> <p>9           you try to contact anybody who might be involved in</p> <p>10          the art monetization world to try to see well, what do</p> <p>11          you guys think about the DIA art?</p> <p>12          MR. CULLEN: Subsequent to the -- to</p> <p>13          receiving or being made aware of these expressions of</p> <p>14          interest.</p> <p>15          MR. SOTO: Well, I actually was going to</p> <p>16          try to do it chronologically, so I --</p> <p>17          MR. CULLEN: Oh, okay.</p> <p>18          MR. SOTO: I was going to say at all and</p> <p>19          then the substance into it but first at all?</p> <p>20      <b>A. No.</b></p> <p>21      Q. Yeah, I'm done with that although, I will be asking</p> <p>22           some additional questions.</p> <p>23           So under the plan of adjustment switching</p> <p>24           gears now, the City is transferring the entire art</p> <p>25           collection and the building in exchange for</p>	<p style="text-align: right;">Page 168</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2       Q. The docket page is 197?</p> <p>3           MR. CULLEN: 173 of 197.</p> <p>4       BY MR. SOTO:</p> <p>5       Q. Oh, I'm sorry, 173, so I think if we get to the page</p> <p>6           to the paragraph that says DIA settlement?</p> <p>7       <b>A. Yes.</b></p> <p>8       Q. And that last settlement sentence of that first</p> <p>9           paragraph as of the date of filing of this disclosure</p> <p>10          statement the foundations had tentatively agreed to</p> <p>11          pledge at least 366 million in foundation funds</p> <p>12          payable or over a period of 20 years?</p> <p>13      <b>A. Right.</b></p> <p>14      Q. In support of this agreement?</p> <p>15      <b>A. That's right.</b></p> <p>16      Q. Do you know if that's changed at all in connection</p> <p>17           with the plan?</p> <p>18      <b>A. Not to my knowledge.</b></p> <p>19      Q. So it's 360 million over 20 years?</p> <p>20      <b>A. Correct.</b></p> <p>21      Q. And in addition to the foundations, the DIA Corp. is</p> <p>22           also committed to giving a hundred million over 20</p> <p>23           years, correct?</p> <p>24      <b>A. Correct.</b></p> <p>25      Q. And in determining whether or not you had maximized or</p>

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<p style="text-align: right;">Page 169</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 you were maximizing the value of that asset in</p> <p>3 connection with this exchange, did you do calculations</p> <p>4 to determine well, gee, what is the value of somebody</p> <p>5 giving you 366 million over 20 years and somebody else</p> <p>6 giving you a hundred million over 20 years, what does</p> <p>7 that come out to in present terms, did you do that</p> <p>8 work?</p> <p>9 <b>A. No.</b></p> <p>10 Q. Do you know if anybody at Miller Buckfire did?</p> <p>11 <b>A. No. Well, yes, I'm sorry, yes, no one has done the</b></p> <p>12 <b>work.</b></p> <p>13 Q. Okay. And can you -- can you tell me why -- wouldn't</p> <p>14 you want to know you're taking the art today, what are</p> <p>15 they giving me today?</p> <p>16 <b>A. Mm-hmm.</b></p> <p>17 Q. Would you want to know that?</p> <p>18 <b>A. In certain circumstances I would, but one of the</b></p> <p>19 <b>elements of the Christie's valuation which you haven't</b></p> <p>20 <b>asked me yet is over what period of time they would</b></p> <p>21 <b>anticipate monetizing the collection to realize those</b></p> <p>22 <b>values if indeed we had directed them to do so so even</b></p> <p>23 <b>though they gave us a valuation range which is in the</b></p> <p>24 <b>POA, I don't believe they stipulated in this analysis</b></p> <p>25 <b>or this report how long it would take and what they</b></p>	<p style="text-align: right;">Page 171</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>me that.</b></p> <p>3 Q. And who at Christie's were you talking about, the same</p> <p>4 lady, Alison --</p> <p>5 <b>A. No, Doug Woodham.</b></p> <p>6 Q. Doug Woodham?</p> <p>7 <b>A. Yeah.</b></p> <p>8 Q. If you were sitting here -- well you are sitting here</p> <p>9 today, since you are sitting here today and they're</p> <p>10 proffering you as an expert as well as you're an</p> <p>11 intelligent factual witness can I ask you what</p> <p>12 discount rate would you use if you were sitting there</p> <p>13 and someone well what do you think the present value</p> <p>14 is of this 360 -- well let's just add it together</p> <p>15 because it's round numbers 466 million over 20 years</p> <p>16 what do you think the present value of this is what</p> <p>17 discount rate would you use?</p> <p>18 <b>A. Well, when you look at the quality of the funding</b></p> <p>19 <b>parties, I think it would be appropriate for example</b></p> <p>20 <b>with the State of Michigan since they are a double A</b></p> <p>21 <b>rated credit to use a very low discount rate</b></p> <p>22 <b>equivalent to their credit rating, standing to come to</b></p> <p>23 <b>a present value of their contribution. Like wise, all</b></p> <p>24 <b>the foundations because they are large, and are well</b></p> <p>25 <b>funded and have no, as I understand it, external debt</b></p>
<p style="text-align: right;">Page 170</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 did tell us which I believe is in their original</p> <p>3 report, it would take several years to quote monetize</p> <p>4 the value of the art that they reflected in their</p> <p>5 range so the range in and of itself is not present</p> <p>6 value adjusted and for that reason we did not feel</p> <p>7 necessary to calculate the present value of the</p> <p>8 payment stream relative to the value of the art</p> <p>9 because the art rate, itself, was perhaps not done</p> <p>10 according to Black Sholes (ph.). It's a number but</p> <p>11 it's a number with a lot of judgement around when you</p> <p>12 would realize that. That also was a function of the</p> <p>13 wide nature of range gap. I mean it's a pretty wide</p> <p>14 range.</p> <p>15 Q. So it's your understanding, and I want to to make sure</p> <p>16 what you said when Christie's gave these values, they</p> <p>17 weren't saying that's the value of that piece of art</p> <p>18 if you want to buy it today?</p> <p>19 <b>A. That's correct, they're saying when we go and properly</b></p> <p>20 <b>find the art and find the right buyer there might be</b></p> <p>21 <b>one buyer in the world for every piece, we believe</b></p> <p>22 <b>this is the price we'll get for you.</b></p> <p>23 Q. And do you know where in their report they -- they</p> <p>24 indicate that?</p> <p>25 <b>A. I'd have to go back and reread it, they certainly told</b></p>	<p style="text-align: right;">Page 172</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 would also merit a very low discount rate to reflect</p> <p>3 the present value of their future contributions. I</p> <p>4 can't speak to the discount rate with respect to the</p> <p>5 individual members of the DIA board of trustees, but</p> <p>6 my understanding is they're all very wealthy local</p> <p>7 business people and other professionals who probably</p> <p>8 would merit an equally low discount rate on their</p> <p>9 contributions, that would lead me to conclude without</p> <p>10 saying I've done the work because I haven't except for</p> <p>11 the last 30 seconds that the discount rate I would use</p> <p>12 would be probably somewhere between 2 to 4 percent</p> <p>13 And that would only reflect the fact that the</p> <p>14 contributions were coming in over four -- 20 years.</p> <p>15 Q. And by that last statement, just to help me understand</p> <p>16 what you meant by that, if it was over a shorter</p> <p>17 amount of time you would change the discount rate?</p> <p>18 <b>A. I'd have had a much lower discount rate.</b></p> <p>19 Q. And if it's longer --</p> <p>20 <b>A. You'd have to use a higher one.</b></p> <p>21 Q. Thank you.</p> <p>22 <b>A. You're welcome.</b></p> <p>23 Q. I'm going to switch gears if this is a good time for</p> <p>24 you to break, we can, switch gears to your expert</p> <p>25 reported I'm going to try like the first part not ask</p>

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<p style="text-align: right;">Page 173</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 questions that you've already been asked and just try</p> <p>3 to hone in on this.</p> <p>4 MR. SOTO: There's supposed to be lunch.</p> <p>5 If lunch is served this would be a good time for a</p> <p>6 break. If not, we can go another half hour and begin</p> <p>7 the process, and not just sit around waiting for food.</p> <p>8 Okay, so this is the time to break, so let's...</p> <p>9 VIDEO TECHNICIAN: The time is 12:04 p.m.,</p> <p>10 we are off the record.</p> <p>11 (Recess taken at 12:04 p.m.)</p> <p>12 (Back on the record at 1:04 p.m.)</p> <p>13 VIDEO TECHNICIAN: We are back on the</p> <p>14 record. The time is 1:04 p.m.</p> <p>15 BY MR. SOTO:</p> <p>16 Q. Mr. Buckfire, I'm still Ed Soto, and you're still</p> <p>17 under oath, and we will continue where we were before</p> <p>18 going into your expert report and I have just been</p> <p>19 informed that it is Exhibit No. 4, so it's probably in</p> <p>20 front of you under that pile towards the bottom. It</p> <p>21 looks like this?</p> <p>22 <b>A. I know. I have it.</b></p> <p>23 Q. Okay. Now we discussed in general terms the best</p> <p>24 interest -- a little earlier and I want to circle back</p> <p>25 for a second. Parted of the test is determining</p>	<p style="text-align: right;">Page 175</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 then for your opinion that the City's creditors would</p> <p>3 be treated better in the City's plan in the bankruptcy</p> <p>4 case than if the bankruptcy case were dismissed?</p> <p>5 <b>A. Well, the most important factor is my judgment that</b></p> <p>6 <b>the City on a delevered basis with the ability to make</b></p> <p>7 <b>multi-year investments in rehabilitation and</b></p> <p>8 <b>revitalization and improvements of the City's services</b></p> <p>9 <b>will be able to maintain if not improve projected tax</b></p> <p>10 <b>revenues as opposed to a situation in which it could</b></p> <p>11 <b>not do so.</b></p> <p>12 Q. So when you say as opposed to a situation where it</p> <p>13 would not do so, what are you contemplating or what</p> <p>14 are you thinking of?</p> <p>15 <b>A. If the petition was dismissed and it was not able to</b></p> <p>16 <b>use tax revenues to make multi-year commitments to</b></p> <p>17 <b>reinvestment programs, its ability to retain or</b></p> <p>18 <b>attract new residents and retain or attract new</b></p> <p>19 <b>businesses would be called in question.</b></p> <p>20 Q. Okay. From the City's standpoint I understand that.</p> <p>21 Now I'm going to ask and maybe I misunderstood your</p> <p>22 answer correct me if I'm I don't think ton that so I'm</p> <p>23 going to ask the question from the standpoint of the</p> <p>24 creditors and since you know who I represent we</p> <p>25 represent FGIC so that would be one of the class 9</p>
<p style="text-align: right;">Page 174</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 whether the proposed plan would be better alternative</p> <p>3 for creditors, than what they would have if the plant</p> <p>4 weren't -- weren't -- if the plan weren't passed. So</p> <p>5 part of that analysis that you have in your expert</p> <p>6 report, of whether or not the creditors would be</p> <p>7 better off that took into account some of the issues</p> <p>8 you took into account in the best issues test,</p> <p>9 correct?</p> <p>10 <b>A. Correct.</b></p> <p>11 Q. So looking at your opinion which is opinion B, and</p> <p>12 it's on page 2, and it says: Plan treatment compared</p> <p>13 to treatment upon dismissal, the City's creditors</p> <p>14 would be treated better under the City's plan of</p> <p>15 adjustment than if the bankruptcy were dismissed, do</p> <p>16 you see that?</p> <p>17 <b>A. I do.</b></p> <p>18 Q. And you addressed the basis of that further on in your</p> <p>19 opinion on page 5, correct?</p> <p>20 <b>A. Yes.</b></p> <p>21 Q. Okay. So I'm going to be asking you questions that if</p> <p>22 you want to take a moment to look at it or if you feel</p> <p>23 you already eaves, we can go forward either way?</p> <p>24 <b>A. Just go ahead.</b></p> <p>25 Q. So looking at page 5 where you are, what is the basis</p>	<p style="text-align: right;">Page 176</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 creditors so you can even aim at that if you are</p> <p>3 predisposed to or you can even ask it in general if</p> <p>4 you want to and we can get to that later but what I'm</p> <p>5 asking for is what analysis, what went into your</p> <p>6 thinking in your opinion that the City's creditors</p> <p>7 would in your view be better off particularly class 9</p> <p>8 creditors if the plan of adjustment were approved as</p> <p>9 opposed to if it were dismissed?</p> <p>10 <b>A. Well, it's a complex question because you have to</b></p> <p>11 <b>consider the alternative, which is that the City</b></p> <p>12 <b>cannot undertake a rehabilitation program and maintain</b></p> <p>13 <b>or improve its tax revenues. The alternative and</b></p> <p>14 <b>likely true that in fact the City will begin to</b></p> <p>15 <b>liquidate itself, by that I mean the residents and</b></p> <p>16 <b>businesses will leave the tax revenues will decline</b></p> <p>17 <b>but the expense of the stiff with cannot be made to</b></p> <p>18 <b>decline as quickly, particularly if the petition is</b></p> <p>19 <b>dismissed, there will be enormous return to try to</b></p> <p>20 <b>sees or otherwise prevent the City from spending its</b></p> <p>21 <b>money on anything other than creditor claims and</b></p> <p>22 <b>because in the case of your clients there are</b></p> <p>23 <b>substantial creditors who have perhaps a better claim</b></p> <p>24 <b>against City tax revenues in your client, the likely</b></p> <p>25 <b>recovery to your clients would likely be zero.</b></p>

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<p style="text-align: right;">Page 189</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 able to compare apples-to-apples?</p> <p>3 <b>A. Not directly, no. But clearly the COPs holders have</b></p> <p>4 <b>the benefit of your insurance so the bondholders</b></p> <p>5 <b>themselves will do perhaps better than the City is</b></p> <p>6 <b>proposing.</b></p> <p>7 Q. And those bond hold he recalls are the creditors,</p> <p>8 correct?</p> <p>9 <b>A. They are. Insured by your client.</b></p> <p>10 Q. Who is also a creditor at some to some extent,</p> <p>11 correct?</p> <p>12 <b>A. Correct.</b></p> <p>13 Q. Did you take that into account in your opinion that</p> <p>14 they -- let's just take the bondholders that the</p> <p>15 bondholders would do better?</p> <p>16 <b>A. I don't believe the bondholders will do</b></p> <p>17 <b>better than this plan in any other scenario that we've</b></p> <p>18 <b>presented.</b></p> <p>19 Q. Were there any alternative scenarios other than a</p> <p>20 dismissal of the plan, were there any sort of</p> <p>21 alternative plans that you might have taken into</p> <p>22 account in determining whether or not they'd do better</p> <p>23 under this plan as opposed to the dismissal of this</p> <p>24 plan? In other words, to be clear on the question,</p> <p>25 you're proposing a scenario where you either have this</p>	<p style="text-align: right;">Page 191</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 original provision in the June 2013 presentation for</p> <p>3 some, quote, upside sharing that if the City did</p> <p>4 better than its projections, there might be additional</p> <p>5 value to our creditors that could be there for a</p> <p>6 higher recovery call it the equity of the City</p> <p>7 approach. But as I said, no creditor supported our</p> <p>8 original proposal so we dropped the idea.</p> <p>9 BY MR. SOTO:</p> <p>10 Q. Did the City support it?</p> <p>11 <b>A. That's why we presented it, yes.</b></p> <p>12 Q. And the upside sharing, do you recall the specifics of</p> <p>13 how that would -- how that would work?</p> <p>14 <b>A. Well, it was complicated because we wanted to make</b></p> <p>15 <b>sure that it was properly calculated, we wanted to</b></p> <p>16 <b>make sure it was just a one off, one-year improvement</b></p> <p>17 <b>over the baseline, there's actually a full description</b></p> <p>18 <b>of it in the June 2013 proposal.</b></p> <p>19 Q. Is that the one in the June 13 proposal that had a</p> <p>20 capped \$2 billion note?</p> <p>21 <b>A. I'd have to go back and check, with we had several</b></p> <p>22 <b>different ways of doing it do you have a page</b></p> <p>23 <b>reference.</b></p> <p>24 Q. No, I don't but...</p> <p>25 (Counsel confer.)</p>
<p style="text-align: right;">Page 190</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 plan or you have a race to the courthouse, correct?</p> <p>3 <b>A. Correct.</b></p> <p>4 Q. Were there any alternatives other than a race to the</p> <p>5 courthouse like maybe this plan or an alternate plan</p> <p>6 that you might have considered, for example, your June</p> <p>7 13th plan?</p> <p>8 <b>A. Well, we obviously proposed the June 13th the plan</b></p> <p>9 <b>first but no creditors wanted to consider it so it</b></p> <p>10 <b>wasn't feasible.</b></p> <p>11 Q. And -- and other than that, anything else? Any other</p> <p>12 plans that you might have considered?</p> <p>13 <b>A. Well, we obviously had many discussions with all of</b></p> <p>14 <b>our creditors including your clients and with your</b></p> <p>15 <b>institution pursuant to mediation so I don't know what</b></p> <p>16 <b>-- where the line would be on what we considered to</b></p> <p>17 <b>pursue.</b></p> <p>18 MR. CULLEN: Anything that was discussed</p> <p>19 outside of mediation, you can discuss.</p> <p>20 <b>A. Oh.</b></p> <p>21 MR. CULLEN: Anything that was generated</p> <p>22 outside of mediation or shared outside of mediation,</p> <p>23 you can discuss.</p> <p>24 <b>A. Well, the only thing that comes to mind, and again,</b></p> <p>25 <b>there was no support for it by any creditor was our</b></p>	<p style="text-align: right;">Page 192</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. I don't have the full proposal in front of me.</b></p> <p>3 BY MR. SOTO:</p> <p>4 Q. And you know what we ought to give you the full</p> <p>5 proposal and have it marked as an exhibit otherwise so</p> <p>6 why don't we mark this -- it was -- the summary was</p> <p>7 13, the full one will become 36.</p> <p>8 MARKED FOR IDENTIFICATION:</p> <p>9 DEPOSITION EXHIBIT 36</p> <p>10 1:32 p.m.</p> <p>11 <b>A. Yes, this is what I was referring to, the terms of the</b></p> <p>12 <b>note on page 107 of the June 2013 proposal.</b></p> <p>13 BY MR. SOTO:</p> <p>14 Q. Which for those of you down there is Bates stamped No.</p> <p>15 POA 00110544. Thank you very much. In connection</p> <p>16 with any alternate plans did the City consider</p> <p>17 monetizing and selling any specific assets as an</p> <p>18 alternative to the current plan and a dismissal, any</p> <p>19 in between?</p> <p>20 <b>A. Well we discussed this earlier every asset that the</b></p> <p>21 <b>City had that it could conceivably monetize was</b></p> <p>22 <b>disclosed in the June 2013 plan that we did embark on</b></p> <p>23 <b>a the City's behave a process of whether there was</b></p> <p>24 <b>indeed realizable value from each of the assets so</b></p> <p>25 <b>identified and pursued that aggressively on behalf of</b></p>

Pages 189 to 192

<p style="text-align: right;">Page 197</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. Yes.</b></p> <p>3 BY MR. SOTO:</p> <p>4 Q. The answer is yes?</p> <p>5 <b>A. Yes.</b></p> <p>6 Q. And would you agree that that -- when you say yes you</p> <p>7 mean it's reflected in the range that you put in your</p> <p>8 opinion?</p> <p>9 <b>A. It reflected in the range provided in the plan of</b></p> <p>10 <b>adjustment as a potential recovery for class value.</b></p> <p>11 Q. So from zero to 10 percent?</p> <p>12 <b>A. Correct I'm at 10 percent, somebody else might be at</b></p> <p>13 <b>zero.</b></p> <p>14 Q. Okay. Did you do the same analysis for the holders of</p> <p>15 pension claims what their ultimate litigation claims</p> <p>16 might be, in coming to the range that you came to for</p> <p>17 them?</p> <p>18 <b>A. Well, there's a general unsecured claim. My analysis</b></p> <p>19 <b>was almost driven by how that underfunding which</b></p> <p>20 <b>result in the claim was calculated, that's why I made</b></p> <p>21 <b>sure I understood a larger claim they had, not whether</b></p> <p>22 <b>the claim, it satisfy, could be presented and be</b></p> <p>23 <b>admitted as a perfected claim in the bankruptcy.</b></p> <p>24 Q. So if I'm understanding what he says, look, I</p> <p>25 understand they're an unsecured claim I looked at what</p>	<p style="text-align: right;">Page 199</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. But leaving aside the impact that would have on the</p> <p>3 City's ability to operate because it's clearly the</p> <p>4 pension rights are held by both active and -- active</p> <p>5 employees and retirees so depending on how the City</p> <p>6 had to manage its work force might have an impact on</p> <p>7 how they decide to treat those claims even as a</p> <p>8 factual matter they're the same they might have</p> <p>9 treated because they've got to maintain the safety and</p> <p>10 welfare of the City because there might be cooperation</p> <p>11 of employees so there might be a different?</p> <p>12 Q. So there might be a desire to treat, you know, people</p> <p>13 who are continuing working differently?</p> <p>14 <b>A. Correct.</b></p> <p>15 Q. All right. But from the standpoint of any other</p> <p>16 aspect, for example, the contractual nature of the</p> <p>17 claim or whatever claim they would have under their</p> <p>18 agreements, they would all be unsecured creditors</p> <p>19 approaching the City the same way?</p> <p>20 <b>A. That's how I would view it, yes.</b></p> <p>21 Q. In coming to your -- and this may be a subset of what</p> <p>22 I've already asked and if it is, just let me know. In</p> <p>23 coming to your opinion on this item B, what resources</p> <p>24 of the City did you assume would you have to be</p> <p>25 monetized to satisfy creditor claims in the case of a</p>
<p style="text-align: right;">Page 198</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 the larger claim might be because they're not getting</p> <p>3 what they claimed they're owed so that gap, what</p> <p>4 they're not getting that it would be a bigger amount</p> <p>5 but what I'm asking is a little different. I'm asking</p> <p>6 did you do any analysis of what their legal action</p> <p>7 might be outside of as an unsecured creditor outside</p> <p>8 of bankruptcy?</p> <p>9 <b>A. I did not, no.</b></p> <p>10 Q. Do you know if anybody did?</p> <p>11 <b>A. Yes.</b></p> <p>12 Q. Again, would it be Jones Day?</p> <p>13 <b>A. It was.</b></p> <p>14 Q. Did you take Jones Day' analysis into account in the</p> <p>15 range of recovery that you ultimately recommended in</p> <p>16 the plan of adjustment with respect to the pensioners?</p> <p>17 MR. CULLEN: I don't know the answer to</p> <p>18 that one.</p> <p>19 <b>A. Okay. Yes. I did.</b></p> <p>20 Q. Would you agree that outside of the Chapter 9 plan of</p> <p>21 adjustment that the holders of pension claims would</p> <p>22 have the same remedy as the holders of other unsecured</p> <p>23 claims if they were coming to the City?</p> <p>24 <b>A. That would be my understanding as a financial matter</b></p> <p>25 <b>yes.</b></p>	<p style="text-align: right;">Page 200</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 dismissal scenario?</p> <p>3 <b>A. It was the same list of assets we've already discussed</b></p> <p>4 <b>relative to the June 2013 proposal and the City's</b></p> <p>5 <b>ongoing efforts to monetize those assets.</b></p> <p>6 Q. So that would include as we already discussed, Coleman</p> <p>7 Young Airport, that would include the tunnel, it would</p> <p>8 include Belle Isle, it would include the parking</p> <p>9 garages, it would include the DIA and the art, and it</p> <p>10 would include other real estate?</p> <p>11 <b>A. The land.</b></p> <p>12 Q. The land?</p> <p>13 <b>A. Correct.</b></p> <p>14 Q. Are there any other assets that you think that are</p> <p>15 included at this point?</p> <p>16 <b>A. No.</b></p> <p>17 Q. I believe yesterday you testified about some of the</p> <p>18 experiences that Miller Buckfire has in representing</p> <p>19 distressed municipalities and your own, as well. In</p> <p>20 your prior experience either individually or as a --</p> <p>21 as an officer of Miller Buckfire, are you aware of</p> <p>22 other scenarios where the distressed municipalities</p> <p>23 have sold off assets to satisfy the claims of</p> <p>24 creditors?</p> <p>25 <b>A. I'm not.</b></p>

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<p style="text-align: right;">Page 233</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 claims against the City are pursuant to the service</p> <p>3 contracts, correct?</p> <p>4 <b>A. I am.</b></p> <p>5 Q. And do you understand that those are direct claims</p> <p>6 against the City?</p> <p>7 <b>A. I do.</b></p> <p>8 Q. Do you remember that there was conversation with</p> <p>9 Mr. Soto about the fact that there is \$162 million in</p> <p>10 B notes, face value B notes going to the -- the class</p> <p>11 9?</p> <p>12 <b>A. I do.</b></p> <p>13 Q. Is that the total amount that's going into the reserve</p> <p>14 established for class 9 or is that the present value</p> <p>15 of the total face value? Because in my mind there is</p> <p>16 -- something's not adding up there and so I want to</p> <p>17 try and understand it.</p> <p>18 <b>A. Well, when you say it's not adding up, what is it not</b></p> <p>19 <b>adding up to?</b></p> <p>20 Q. So I thought that the way it worked was that a reserve</p> <p>21 was set up --</p> <p>22 <b>A. Mm-hmm.</b></p> <p>23 Q. -- and that the reserve was on a nominal basis without</p> <p>24 present valuing 15 percent of the total amount of COPs</p> <p>25 in B notes, meaning approximately \$210 million in B</p>	<p style="text-align: right;">Page 235</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. So is it your understanding that the reserve -- the</p> <p>3 total amount of reserve on a nominal basis is 162</p> <p>4 million in B notes?</p> <p>5 <b>A. I'd have to go back and check the math against that.</b></p> <p>6 <b>That's my general recollection. But I have to go back</b></p> <p>7 <b>and verify it.</b></p> <p>8 Q. Okay.</p> <p>9 <b>A. I haven't looked at that in a while.</b></p> <p>10 Q. Let me turn it around on you a bit and say do you know</p> <p>11 whether -- take a look there at the pro forma</p> <p>12 obligation, are any of those other numbers standing</p> <p>13 out to you as ones that are present valued or</p> <p>14 represent nominal amounts? Like look at the OPEB</p> <p>15 UAAL, is the 450 million -- do you remember, isn't</p> <p>16 that 450 in face B notes?</p> <p>17 <b>A. Yes.</b></p> <p>18 Q. Okay, does that lead you to believe that the other</p> <p>19 numbers you've represented on the pro forma are face</p> <p>20 value B notes?</p> <p>21 <b>A. Hold on a second. I'm just -- you want to know</b></p> <p>22 <b>whether these are present value numbers or nominal</b></p> <p>23 <b>numbers --</b></p> <p>24 Q. Yeah.</p> <p>25 <b>A. -- or par amount?</b></p>
<p style="text-align: right;">Page 234</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 notes -- and by the way, I could have this all wrong,</p> <p>3 210 million in B notes go into the reserve in the</p> <p>4 event the COPs all try to litigate their rights and</p> <p>5 are all vindicated, they would actually get 15 cents</p> <p>6 in nominal face value B notes, that the 40 percent</p> <p>7 discounted face value is only applied to a settling</p> <p>8 COP holder who decided not to take the risk of</p> <p>9 litigation and said I would like what I can get today.</p> <p>10 That's my understanding, whether it's right or not is</p> <p>11 up to you to decide, but what I'm trying to understand</p> <p>12 is what is that \$162 million figure from your</p> <p>13 attachment 1 or whatever that one is?</p> <p>14 <b>A. That's our calculation of the share that the COPs</b></p> <p>15 <b>would have, the total amount of B notes the City is</b></p> <p>16 <b>going to issue pursuant to the plan, so again if you</b></p> <p>17 <b>look at attachment 1, and albeit this is a summary of</b></p> <p>18 <b>information contained in greater detail in the plan</b></p> <p>19 <b>itself, the City is going to be issuing approximately</b></p> <p>20 <b>\$650 million of series B notes, present value.</b></p> <p>21 Q. 632 maybe?</p> <p>22 <b>A. Well, you have -- yeah, because you have to deduct the</b></p> <p>23 <b>exit financing from the billion 249, you got to deduct</b></p> <p>24 <b>the UTGO bonds and the LTGO DSA series. That leaves</b></p> <p>25 <b>you with, you know, 632, 650.</b></p>	<p style="text-align: right;">Page 236</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. Yeah.</p> <p>3 <b>A. Oh, okay. These are the par amounts of the notes</b></p> <p>4 <b>being issued, okay? There's no present value</b></p> <p>5 <b>calculation of these notes, we have not actually done</b></p> <p>6 <b>a valuation of the notes from a market point of view</b></p> <p>7 <b>yet.</b></p> <p>8 Q. Now, isn't it true that in coming to your opinion that</p> <p>9 creditors do better under the plan than they would do</p> <p>10 in a dismissal scenario you did not construct a</p> <p>11 forecast of the City's revenues and costs in a</p> <p>12 dismissal scenario, correct?</p> <p>13 <b>A. Correct.</b></p> <p>14 Q. And no one else has either, correct?</p> <p>15 <b>A. Correct.</b></p> <p>16 Q. Now, your opinion that creditors are doing better</p> <p>17 under the plan than they would in a dismissal scenario</p> <p>18 is based on in part on the assumption that the City</p> <p>19 would be unable and it would be impractical for the</p> <p>20 City to raise taxes without further eroding revenue;</p> <p>21 is that correct?</p> <p>22 <b>A. That's right.</b></p> <p>23 Q. I quoted that from your report. Sound familiar?</p> <p>24 <b>A. It does.</b></p> <p>25 Q. Has a ring to it. So let me separate unable and</p>

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1 KENNETH BUCKFIRE, VOLUME 2  
 2 impractical, okay, Mr. Buckfire? What is the basis  
 3 for your assumption that the City would be unable to  
 4 raise taxes in a dismissal scenario?  
 5 **A. Well, it's -- I'll take it as a fact because it was**  
 6 **reported in our June 2013 report that the City was**  
 7 **already at the state-allowed maximum property tax**  
 8 **millage rates, and therefore, has no further ability**  
 9 **to raise the rate for property tax point of view. I**  
 10 **believe the income tax rate, itself, is already quite**  
 11 **high relative to neighboring communities, so that gets**  
 12 **to the question of both impracticability and**  
 13 **inability.**  
 14 Q. And I'm holding impracticability to one side, I'm  
 15 talking about inability now.  
 16 **A. Yes. There's also the inability, and this is again a**  
 17 **fact, that prior to the bankruptcy -- and it's getting**  
 18 **better slowly, the City proved -- how should I say**  
 19 **this nicely, consistently unable to collect taxes due.**  
 20 **Which is a failure of the City administration in**  
 21 **executing its responsibilities to collect taxes that**  
 22 **have been assessed. So even if you wanted to raise**  
 23 **the rate, you can't make people pay you, and if they**  
 24 **aren't going to pay you and you make no effort to**  
 25 **collect it's sort of irrelevant what the rate is.**

1 KENNETH BUCKFIRE, VOLUME 2  
 2 Q. Now, with respect to the caps that are imposed on the  
 3 City with respect to income taxes and property taxes,  
 4 did you evaluate whether or not those caps are  
 5 applicable to a party who gets a judgment against the  
 6 City?  
 7 MR. CULLEN: Do you have a -- is that a  
 8 legal question?  
 9 MR. BALL: It certainly is kind of a --  
 10 it's a mixed question of law and analysis that would  
 11 go -- we're already talking about legal matters when  
 12 we talk about caps, those are statutes, right, the  
 13 cap?  
 14 MR. CULLEN: Do you have an understanding?  
 15 BY MR. HACKNEY:  
 16 Q. Yeah.  
 17 **A. I have a general understanding.**  
 18 Q. What is your general understanding?  
 19 **A. That it's under certain circumstances a creditor might**  
 20 **seek a judgment requiring the City to raise taxes.**  
 21 Q. Okay.  
 22 **A. But whenever we -- I don't recall discussing this**  
 23 **issue, I was quickly reminded that the City already**  
 24 **has the highest property tax rates in the State of**  
 25 **Michigan and that even if we wanted to raise taxes and**

1 KENNETH BUCKFIRE, VOLUME 2  
 2 **could raise taxes, it would simply drive people out of**  
 3 **the City more quickly, so you might end up in a**  
 4 **situation that the higher you raise your rates the**  
 5 **less revenue you collect.**  
 6 Q. So if I understand your testimony, what you're saying  
 7 is if a creditor got a judgment against the City, it  
 8 might make it so that the City was able to impose  
 9 taxes above the statutory caps but the heightened tax  
 10 would not yield additional revenue because it is  
 11 impractical to raise taxes in any event --  
 12 **A. Right.**  
 13 Q. -- is that correct?  
 14 **A. Correct, otherwise known a Pyrrhic victory.**  
 15 Q. A Pyrrhic victory or you can't get blood --  
 16 **A. Blood from a stone, another way of saying it.**  
 17 Q. It's got to be turnip, I'm sure. No one would ever  
 18 think you could get blood out of a stone, I think it's  
 19 water out of a rock.  
 20 MR. CULLEN: Proverbs are various.  
 21 BY MR. HACKNEY:  
 22 Q. Well, we should definitely get them all I think  
 23 straight, but I take it you did not undertake an  
 24 analysis of the amount of tax increase that could be  
 25 imposed via a creditor judgment against the City to

1 KENNETH BUCKFIRE, VOLUME 2  
 2 determine whether it would yield additional revenue?  
 3 **A. Not directly, but we did ask the tax experts at E&Y to**  
 4 **do an analysis of the City's revenues and take into**  
 5 **account the sensitivity of revenues to tax rates.**  
 6 Q. So you asked Mr. Klein at E&Y?  
 7 **A. I did.**  
 8 Q. And you asked Mr. Klein to study the question of what  
 9 would additional taxes yield in the way of revenue?  
 10 **A. Well, not that -- I asked him to identify what the**  
 11 **sensitivity of the City's revenues would be to changes**  
 12 **in tax rates because the change of tax rates relative**  
 13 **to surrounding communities will have an influence on**  
 14 **whether or not people want to live here or in**  
 15 **Southfield, Michigan or any neighboring suburb.**  
 16 Q. So you asked him to study the impact a tax increase or  
 17 a tax decrease would have on the tax base, correct?  
 18 **A. Correct, I did.**  
 19 Q. And what did he tell you?  
 20 **A. You know, I've reviewed his expert report and I've**  
 21 **talked to him over months about these issues. His**  
 22 **conclusion was that because the City already has very**  
 23 **high tax rates, any further increase in rates would**  
 24 **certainly lead to a decline of revenue but that a**  
 25 **maintenance of rates was probably sustainable from a**

<p style="text-align: right;">Page 241</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 revenue point of view, but that a decline of rates</p> <p>3 would over time have the ability to improve overall</p> <p>4 collections, but it would take a long time to</p> <p>5 demonstrate that effect.</p> <p>6 Q. And did you rely on Mr. Klein's opinion in reaching</p> <p>7 your own opinion?</p> <p>8 A. Yes, because his opinion underpins the revenue</p> <p>9 projections and therefore the cash flow projections of</p> <p>10 the City's plan.</p> <p>11 Q. And did Mr. Klein also opine that increasing taxes</p> <p>12 would not yield marginal revenue?</p> <p>13 A. He certainly told me that, but again to be very</p> <p>14 specific we're talking about property tax revenues.</p> <p>15 Q. Yes.</p> <p>16 A. Okay.</p> <p>17 Q. Understood. And did you rely on that information from</p> <p>18 Mr. Klein in reaching your conclusion about the fact</p> <p>19 that City's not going to generate additional revenue</p> <p>20 from raising taxes?</p> <p>21 A. Yes.</p> <p>22 Q. Did you take any steps to pressure test Mr. Klein's</p> <p>23 advice to you that raising taxes would not yield</p> <p>24 marginal revenue?</p> <p>25 A. No, I haven't done mathematical economics in a really</p>	<p style="text-align: right;">Page 243</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 A. And I asked him specifically what the state could do</p> <p>3 to assist the City in terms of collecting more</p> <p>4 efficiently those kinds of income taxes.</p> <p>5 Q. So other than the notion of collecting more</p> <p>6 efficiently the taxes you're already assessing or</p> <p>7 imposing, you did not discuss with the treasury</p> <p>8 department whether increasing taxes would yield</p> <p>9 marginal revenue, correct?</p> <p>10 A. That's correct.</p> <p>11 Q. Now -- and isn't it fair to say that you, yourself,</p> <p>12 did not do any forecasting of future revenues in a</p> <p>13 scenario where the petition was dismissed?</p> <p>14 A. Correct, we relied on Ernst &amp; Young.</p> <p>15 Q. And I'll come back to that in just a second. Ernst &amp;</p> <p>16 Young, they did not do a forecast for the situation</p> <p>17 where the petition is dismissed, correct?</p> <p>18 A. That's correct.</p> <p>19 Q. They did a forecast for the future ahead in the</p> <p>20 absence of the restructuring, correct?</p> <p>21 A. They did a forecast assuming the restructuring was</p> <p>22 successful. Which forecast are you referring to?</p> <p>23 Q. In the June 2000 --</p> <p>24 A. Oh, I see.</p> <p>25 Q. They did the so-called steady state forecast, right?</p>
<p style="text-align: right;">Page 242</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 long time and he is a very well-qualified</p> <p>3 econometrician and so I relied on him.</p> <p>4 Q. So with respect to your conclusion that it would be</p> <p>5 impractical to raise taxes, have you told me</p> <p>6 everything that you've done with respect to reaching</p> <p>7 that conclusion?</p> <p>8 A. Yes.</p> <p>9 Q. Now, have you reviewed the testimony of Mr. Evanko,</p> <p>10 the City's senior assessor?</p> <p>11 A. No.</p> <p>12 Q. Have you ever spoken to that man?</p> <p>13 A. I have not.</p> <p>14 Q. Did you speak to anyone in the treasury department</p> <p>15 about your -- your findings with respect to the City's</p> <p>16 -- the impracticality of the City's raising taxes to</p> <p>17 generate marginal revenue?</p> <p>18 A. Only in the context of could the state assist the City</p> <p>19 in collecting income taxes. All right. I had several</p> <p>20 conversations with former State Treasurer Dillon last</p> <p>21 year, because it had been a proposal by the City for</p> <p>22 many years to ask the state to do withholding of City</p> <p>23 income tax on people who were working in the City but</p> <p>24 not living in the City.</p> <p>25 Q. Okay.</p>	<p style="text-align: right;">Page 244</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 A. Yes, that was a just a roll forward of the City as</p> <p>3 they see it at that point.</p> <p>4 Q. As they found it?</p> <p>5 A. Yeah.</p> <p>6 Q. And you have never seen from them a forecast of what</p> <p>7 would happen if the case were dismissed in the next</p> <p>8 couple months, correct?</p> <p>9 A. No.</p> <p>10 Q. Am I correct?</p> <p>11 A. That's right.</p> <p>12 Q. Now, is forecasting future revenues of a municipality</p> <p>13 something that falls within your area of expertise as</p> <p>14 an expert?</p> <p>15 A. No.</p> <p>16 Q. It's not something that you could do if you wanted to?</p> <p>17 A. I could probably do it, but I'm not an expert. That's</p> <p>18 why we sought out Ernst &amp; Young to provide that</p> <p>19 service because Mr. Klein is uniquely qualified to do</p> <p>20 it.</p> <p>21 Q. Okay, and did you ever ask Mr. Klein to perform a</p> <p>22 forecast of the City's performance if the petition</p> <p>23 were dismissed?</p> <p>24 A. No.</p> <p>25 Q. Are you familiar with the Government Finance Officers</p>

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<p style="text-align: right;">Page 245</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Association?</p> <p>3 <b>A. No.</b></p> <p>4 Q. I take it it's fair to say that you did not consider</p> <p>5 any of their forecasting techniques to consider City</p> <p>6 revenues in the case the petition were dismissed?</p> <p>7 <b>A. No, once we brought on Ernst &amp; Young to provide the</b></p> <p>8 <b>service we relied upon them.</b></p> <p>9 Q. Okay, and you have not employed any econometric models</p> <p>10 to determine the future revenues in the City in the</p> <p>11 event different types of taxes were increased,</p> <p>12 correct?</p> <p>13 <b>A. Correct.</b></p> <p>14 Q. You did not conduct any time series analyses to</p> <p>15 determine future revenues of taxes were increased,</p> <p>16 correct?</p> <p>17 <b>A. Correct.</b></p> <p>18 Q. You have not conducted linear multiple regression</p> <p>19 analysis to evaluate future revenues if taxes were</p> <p>20 increased, correct?</p> <p>21 <b>A. Correct.</b></p> <p>22 Q. And nor has anyone else to the best of your knowledge,</p> <p>23 correct?</p> <p>24 <b>A. That's correct.</b></p> <p>25 Q. Now, you also say that material increases in taxes</p>	<p style="text-align: right;">Page 247</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 described in the report but were you the one that</p> <p>3 actually conducted the study to determine the answer</p> <p>4 or did you just -- are you just saying that you saw it</p> <p>5 in that report?</p> <p>6 <b>A. I say that in the report. The work was done by Conway</b></p> <p>7 <b>MacKenzie and Ernst &amp; Young.</b></p> <p>8 Q. Okay, so you personally have not studied the question?</p> <p>9 <b>A. That's correct.</b></p> <p>10 Q. And you have never done anything to pressure test</p> <p>11 Conway MacKenzie's findings, correct?</p> <p>12 <b>A. Correct.</b></p> <p>13 Q. Now, have you ever quantified how much delinquency</p> <p>14 rates would increase in different scenarios where</p> <p>15 taxes are increased?</p> <p>16 <b>A. You're asking me whether I pressure tested this a</b></p> <p>17 <b>different way.</b></p> <p>18 Q. Well, the first -- when I was asking about that</p> <p>19 pressure testing I was saying you never checked to see</p> <p>20 what they found to be the delinquency rates, whether</p> <p>21 that was correct?</p> <p>22 <b>A. That's correct.</b></p> <p>23 Q. Okay, but this is a different question which is, did</p> <p>24 you ever attempt to quantify how delinquency rates</p> <p>25 would go up if taxes went up?</p>
<p style="text-align: right;">Page 246</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 will likely increase delinquency rates and cause</p> <p>3 residents to leave the City; do you recall that</p> <p>4 opinion from your report?</p> <p>5 <b>A. I do.</b></p> <p>6 Q. What do you mean by a material tax increase?</p> <p>7 <b>A. Materiality is always subject to judgment, but it's</b></p> <p>8 <b>probably something greater than 10 percent.</b></p> <p>9 Q. Okay.</p> <p>10 <b>A. That would be regarded as material particularly on the</b></p> <p>11 <b>property tax side.</b></p> <p>12 Q. Okay. Did you do any quantitative analysis to</p> <p>13 determine the impact of a less than 10 percent tax</p> <p>14 increase on City revenue?</p> <p>15 <b>A. No.</b></p> <p>16 Q. Do you know what the City's current delinquency rates</p> <p>17 are for property taxes?</p> <p>18 <b>A. I don't.</b></p> <p>19 Q. Do you know what they are for income taxes?</p> <p>20 <b>A. No.</b></p> <p>21 Q. Have you ever studied either of those questions?</p> <p>22 <b>A. I did last year at the time the June 2013 report was</b></p> <p>23 <b>being produced, but I haven't really looked at that</b></p> <p>24 <b>issue since then.</b></p> <p>25 Q. And let me just tell you that I know that it is</p>	<p style="text-align: right;">Page 248</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. No.</b></p> <p>3 Q. Are you aware of any data showing that increasing</p> <p>4 taxes will increase delinquency rates in the City of</p> <p>5 Detroit?</p> <p>6 <b>A. Only by inspection of the City's historical record as</b></p> <p>7 <b>tax rates went up, my understanding from City</b></p> <p>8 <b>officers, including Jack Martin with whom I discussed</b></p> <p>9 <b>this issue, was the delinquency rate went up, as well</b></p> <p>10 Q. Ah, so you're -- you're under the impression that</p> <p>11 there's historical evidence in the City of Detroit</p> <p>12 that shows a connection between increasing tax rates</p> <p>13 and increasing delinquency rates?</p> <p>14 <b>A. It was anecdotal at the time he told me that.</b></p> <p>15 Q. So you were told that by Mr. Martin. Did you ever</p> <p>16 attempt to confirm that?</p> <p>17 <b>A. No.</b></p> <p>18 Q. Do you know whether the incomes tax in the City has</p> <p>19 gone up or down over the last 15 years?</p> <p>20 <b>A. Are you talking about the rate or the revenues</b></p> <p>21 <b>collected?</b></p> <p>22 Q. The rate, sorry.</p> <p>23 <b>A. I don't.</b></p> <p>24 Q. Do you know whether --</p> <p>25 <b>A. But I'm referring to property taxes.</b></p>

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<p style="text-align: right;">Page 249</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2       Q.   So let's not miss each other, so separately you don't</p> <p>3           know whether income taxes have gone down over the last</p> <p>4           15 years, correct?</p> <p>5       <b>A. I don't.</b></p> <p>6       Q.   And you don't know whether there's a historical</p> <p>7           connection in Detroit between the income tax rate and</p> <p>8           the delinquency rate, correct?</p> <p>9       <b>A. That's correct.</b></p> <p>10      Q.   You've never studied that connection?</p> <p>11      <b>A. No.</b></p> <p>12      Q.   Now, you were saying that your conversation with</p> <p>13           Mr. Martin was limited to the subject of property tax</p> <p>14           rates, correct?</p> <p>15      <b>A. Correct.</b></p> <p>16      Q.   And that what he told you was that property tax rates</p> <p>17           had increased, and as they had increased,</p> <p>18           delinquencies had increased, correct?</p> <p>19      <b>A. Correct, it was all part of the blight issue because</b></p> <p>20           <b>as they assess property taxes people would walk away</b></p> <p>21           <b>from their houses and that would become blighted and</b></p> <p>22           <b>that would be counted as a delinquent tax issue by the</b></p> <p>23           <b>City.</b></p> <p>24      Q.   Have you attempted to the economic literature for</p> <p>25           scholarly articles connecting tax rates and</p>	<p style="text-align: right;">Page 251</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2       Q.   I take it you have not studied the issue of whether</p> <p>3           increases in either the casino tax or the utility</p> <p>4           users tax would generate marginal revenue, correct?</p> <p>5       <b>A. That's correct.</b></p> <p>6       Q.   You also say that one of your assumptions is that an</p> <p>7           increase in taxes will cause people to leave; is that</p> <p>8           correct?</p> <p>9       <b>A. Yes.</b></p> <p>10      Q.   Have you conducted any analysis to determine how many</p> <p>11           people will leave under different scenarios where</p> <p>12           taxes are increased?</p> <p>13      <b>A. No.</b></p> <p>14      Q.   Do you know what the historical relationship between</p> <p>15           tax increases and population levels is in the City of</p> <p>16           Detroit?</p> <p>17      <b>A. Well, it's not a simple correlation, there are many</b></p> <p>18           <b>other factors that have led to population loss.</b></p> <p>19           <b>Certainly increasing tax rates has been a contributing</b></p> <p>20           <b>factor to the population leaving the City but not the</b></p> <p>21           <b>only factor.</b></p> <p>22      Q.   And what's your basis for that opinion?</p> <p>23      <b>A. Just my knowledge of the City and, you know, looking</b></p> <p>24           <b>at the City's revenues, adjusted for population,</b></p> <p>25           <b>knowledge of the City's local economy and conditions</b></p>
<p style="text-align: right;">Page 250</p> <p>1                   KENNETH BUCKFIRE, VOLUME 2</p> <p>2           delinquency rates?</p> <p>3       <b>A. No.</b></p> <p>4       Q.   Have you reviewed data from any other cities with</p> <p>5           respect to their tax increases and their delinquency</p> <p>6           rate increases for either income or property taxes?</p> <p>7       <b>A. No.</b></p> <p>8       Q.   Do you know whether the relationship between</p> <p>9           increasing taxes of either property or income and the</p> <p>10          delinquency rates associated with income or property</p> <p>11          taxes is a linear relationship?</p> <p>12      <b>A. I don't.</b></p> <p>13      Q.   If property taxes are increased by 10 percent, which</p> <p>14           is right at the threshold of materiality as you</p> <p>15           identify it, what will the percentage increase in</p> <p>16           delinquencies be?</p> <p>17      <b>A. I don't know.</b></p> <p>18      Q.   Do you believe that increasing the casino tax will</p> <p>19           increase delinquencies in the City of Detroit?</p> <p>20      <b>A. I don't see what the correlation would be.</b></p> <p>21      Q.   I take it so that the answer is no?</p> <p>22      <b>A. No.</b></p> <p>23      Q.   And what about the utility users tax, if the utility</p> <p>24           users tax goes up will delinquencies go up?</p> <p>25      <b>A. I think it would have a minimal impact on that.</b></p>	<p style="text-align: right;">Page 252</p> <p>1                   <b>KENNETH BUCKFIRE, VOLUME 2</b></p> <p>2           <b>here.</b></p> <p>3       Q.   Anything else?</p> <p>4       <b>A. No.</b></p> <p>5       Q.   There's obviously been a number of other things going</p> <p>6           on in this area in addition to whatever tax policy has</p> <p>7           been, correct?</p> <p>8       <b>A. Which is what I just testified to.</b></p> <p>9       Q.   Yeah, and I wanted to clear, so you've had significant</p> <p>10          deindustrialization, correct?</p> <p>11      <b>A. That has been a major factor of the decline in</b></p> <p>12           <b>population in the City.</b></p> <p>13      Q.   You have not conducted, however, any quantitative</p> <p>14           analysis assessing the relationship between tax rates</p> <p>15           and population levels over historical time periods in</p> <p>16           Detroit, correct?</p> <p>17      <b>A. Correct.</b></p> <p>18      Q.   Do you know if Detroit raised property taxes by 30</p> <p>19           percent how many people would leave?</p> <p>20      <b>A. No.</b></p> <p>21      Q.   What is the City's current millage rate on residential</p> <p>22           homes; do you know?</p> <p>23      <b>A. Not off the top of my head.</b></p> <p>24      Q.   Do you know it approximately?</p> <p>25      <b>A. I'd just be guessing, I don't -- I don't recall.</b></p>

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<p style="text-align: right;">Page 253</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. Okay, what about nonresidential properties? What's</p> <p>3 the millage rate on them?</p> <p>4 <b>A. I don't recall the rates.</b></p> <p>5 Q. Do you know how the City's property taxes compare with</p> <p>6 the surrounding municipalities' property taxes?</p> <p>7 <b>A. It was all disclosed in the June 2013 report. We did</b></p> <p>8 <b>do a selected summary of total taxes paid by community</b></p> <p>9 <b>on that type, that was disclosed.</b></p> <p>10 Q. Is that the extent of your knowledge on the subject?</p> <p>11 <b>A. Yes.</b></p> <p>12 Q. And you didn't perform that data collection, correct,</p> <p>13 you're just -- you just saw it, right?</p> <p>14 <b>A. That's right.</b></p> <p>15 Q. So do you know whether it's accurate or not?</p> <p>16 <b>A. I don't.</b></p> <p>17 Q. Okay. You have not undertaken a comprehensive study</p> <p>18 of what surrounding municipalities levy when it comes</p> <p>19 to property taxes, correct?</p> <p>20 <b>A. Correct.</b></p> <p>21 Q. Are you currently of the view that there is no</p> <p>22 surrounding municipality that has higher property</p> <p>23 taxes than the City of Detroit?</p> <p>24 <b>A. No.</b></p> <p>25 Q. You're not of that view?</p>	<p style="text-align: right;">Page 255</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 taxable value on assessed -- on properties in its</p> <p>3 jurisdiction by approximately \$1 billion?</p> <p>4 <b>A. I am.</b></p> <p>5 Q. And what do you know about that, just that it</p> <p>6 happened?</p> <p>7 <b>A. I know that it happened.</b></p> <p>8 Q. And have you evaluated the extent to which that</p> <p>9 decrease has an impact on property owners' ability to</p> <p>10 withstand an increase in the rate?</p> <p>11 <b>A. Nope.</b></p> <p>12 Q. Do you know the difference between taxable value and</p> <p>13 state equalized value?</p> <p>14 <b>A. No.</b></p> <p>15 Q. Do you agree that the City's property tax enforcement</p> <p>16 mechanism has been ineffective in recent years?</p> <p>17 <b>A. Is that -- yes, I would agree with that statement.</b></p> <p>18 Q. And what I mean by the enforcement mechanism is I mean</p> <p>19 the folks at the City who are responsible either for</p> <p>20 defending assessed values or for collecting property</p> <p>21 taxes; is that what you understand --</p> <p>22 <b>A. It has been very ineffective.</b></p> <p>23 Q. Okay, now, have you studied the question to see the</p> <p>24 extent to which it is the broken enforcement mechanism</p> <p>25 that is driving delinquencies as opposed to the tax</p>
<p style="text-align: right;">Page 254</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. I don't know.</b></p> <p>3 Q. Oh, there may be, there may not be, you don't know?</p> <p>4 <b>A. I don't know for a fact.</b></p> <p>5 Q. Do you know how many cities in the metropolitan --</p> <p>6 what does MSA stand for?</p> <p>7 <b>A. Metropolitan statistical area.</b></p> <p>8 Q. There you go. In the MSA -- showoff -- have a</p> <p>9 population of more than 50,000?</p> <p>10 <b>A. Let's see, in this area, it would be Detroit,</b></p> <p>11 <b>Southfield, probably Troy, probably Dearborn, those</b></p> <p>12 <b>are the ones that I would assume would be in that</b></p> <p>13 <b>category.</b></p> <p>14 Q. Do you agree that blight remediation will have a</p> <p>15 positive impact on property values in Detroit?</p> <p>16 <b>A. Yes.</b></p> <p>17 Q. And are you aware that property -- that certain blight</p> <p>18 remediation will take place even if the petition is</p> <p>19 dismissed?</p> <p>20 <b>A. Yes.</b></p> <p>21 Q. And have you evaluated the extent to which that blight</p> <p>22 remediation will have a positive impact on property</p> <p>23 values in the City of Detroit?</p> <p>24 <b>A. No.</b></p> <p>25 Q. Now, are you aware that the City recently reduced its</p>	<p style="text-align: right;">Page 256</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 rates?</p> <p>3 <b>A. I've already testified to this that certainly the</b></p> <p>4 <b>City's inability to officially collect assessed taxes</b></p> <p>5 <b>has been a problem in terms of overall revenues being</b></p> <p>6 <b>generated by those taxes.</b></p> <p>7 Q. And so the corollary of that is if you fix the</p> <p>8 enforcement mechanism you'll see delinquencies go</p> <p>9 down, correct?</p> <p>10 <b>A. Or you might see more foreclosures because people</b></p> <p>11 <b>really refuse to pay the taxes and they walk away from</b></p> <p>12 <b>their homes.</b></p> <p>13 Q. And so do you understand, however, that the better you</p> <p>14 are enforcing your mechanism the more of a signal</p> <p>15 you're sending to the body politic that it needs to</p> <p>16 pay its taxes?</p> <p>17 <b>A. Yes.</b></p> <p>18 Q. And so better enforcement can lead to decreased</p> <p>19 delinquencies, right?</p> <p>20 <b>A. I would hope so.</b></p> <p>21 Q. But you did not study the extent to which improved</p> <p>22 enforcement would reduce delinquency rates, correct?</p> <p>23 <b>A. Correct.</b></p> <p>24 Q. Have you studied the impact -- and by the way, have</p> <p>25 you reviewed the Plante Moran report?</p>

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<p style="text-align: right;">Page 265</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. Over a long period of time, and assuming that other</b></p> <p>3 <b>conditions necessary for people to make the decision</b></p> <p>4 <b>to live here, yes.</b></p> <p>5 Q. Do you feel you've conducted an academic and</p> <p>6 sufficiently sound study of that question to give that</p> <p>7 opinion, sir?</p> <p>8 <b>A. No.</b></p> <p>9 Q. Okay.</p> <p>10 <b>A. You said Pareto optimal, not me.</b></p> <p>11 Q. Well, that was because you knew what MSA meant. I</p> <p>12 take it you don't know the extent to which the City</p> <p>13 must decrease taxes to reach the point of the Laffer</p> <p>14 Curve at which revenues will no longer increase by a</p> <p>15 further decrease in the rate?</p> <p>16 <b>A. Correct.</b></p> <p>17 Q. Now, are there any other cities of which you are aware</p> <p>18 that are on the so-called wrong side of the Laffer</p> <p>19 Curve?</p> <p>20 <b>A. No.</b></p> <p>21 Q. You haven't studied that question, either, have you,</p> <p>22 sir?</p> <p>23 <b>A. No.</b></p> <p>24 Q. All right, do you know what the total tax burden of</p> <p>25 Detroiters is today considering state, federal, and</p>	<p style="text-align: right;">Page 267</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>trying to protect whatever rights or claims it thought</b></p> <p>3 <b>it had against the City and to force the City to take</b></p> <p>4 <b>action to deliver value to that particular creditor</b></p> <p>5 <b>pursuant to the rights abided in their contract.</b></p> <p>6 Q. And do you know -- why do people typically race to the</p> <p>7 courthouse, is that within your area of expertise?</p> <p>8 <b>A. Yes.</b></p> <p>9 Q. And why do they?</p> <p>10 <b>A. They want to get there first.</b></p> <p>11 Q. Why though?</p> <p>12 <b>A. Because they believe by being first in line they can</b></p> <p>13 <b>convince a judge to give them a claim or a right to an</b></p> <p>14 <b>asset or revenue stream before another creditor gets</b></p> <p>15 <b>there.</b></p> <p>16 Q. That's exactly right, right, isn't it the theory that</p> <p>17 they'll be able to take their judgment and be able to</p> <p>18 get a lien on the judgment debtor's property before</p> <p>19 other parties?</p> <p>20 <b>A. So I have been advised by counsel over the years.</b></p> <p>21 Q. Okay, that's where the whole concept of the race comes</p> <p>22 from, correct?</p> <p>23 <b>A. Correct.</b></p> <p>24 Q. But another one of your opinions is that creditors</p> <p>25 cannot get liens in City property, correct?</p>
<p style="text-align: right;">Page 266</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 local tax burdens?</p> <p>3 <b>A. It's approximately 600, \$650 million.</b></p> <p>4 Q. I was looking as percentage, sorry, I didn't ask</p> <p>5 that -- let me ask that again. Do you know what the</p> <p>6 total tax burden of Detroiters is today considering</p> <p>7 their state, federal, and local taxes as a percentage</p> <p>8 of their income?</p> <p>9 <b>A. Oh, I see. I don't.</b></p> <p>10 Q. Okay. Do you know if it's over 50 percent?</p> <p>11 <b>A. No.</b></p> <p>12 Q. Have you studied the revenue forecasting techniques of</p> <p>13 the State of Michigan?</p> <p>14 <b>A. No.</b></p> <p>15 Q. Now, one of your opinions is that there would be a</p> <p>16 race to the courthouse by creditors upon a dismissal,</p> <p>17 correct?</p> <p>18 <b>A. I think it will be a race everywhere.</b></p> <p>19 Q. I want to focus on the race to the courthouse if we</p> <p>20 could.</p> <p>21 <b>A. Okay.</b></p> <p>22 Q. That is one of your opinions, right?</p> <p>23 <b>A. It is.</b></p> <p>24 Q. Why would there be a race?</p> <p>25 <b>A. Every creditor would be as aggressive as possible in</b></p>	<p style="text-align: right;">Page 268</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. Correct.</b></p> <p>3 Q. Okay, so the typical mechanism that leads to the race</p> <p>4 doesn't apply in the case of a municipality, correct?</p> <p>5 <b>A. It would be a race to other jurisdictions for</b></p> <p>6 <b>satisfaction.</b></p> <p>7 Q. Okay.</p> <p>8 <b>A. Including the courthouse.</b></p> <p>9 Q. Now, one of the things you have to do is you have to</p> <p>10 determine who the racers to the courthouse are,</p> <p>11 correct?</p> <p>12 <b>A. Yes.</b></p> <p>13 Q. Now, did you take steps to determine who would be</p> <p>14 racing to the courthouse upon the dismissal of the</p> <p>15 bankruptcy case?</p> <p>16 <b>A. Are you asking for a legal conclusion?</b></p> <p>17 Q. Well, this is going to your opinion where you're</p> <p>18 envisioning these creditors racing to the courthouse,</p> <p>19 so I'm trying to get at who you're envisioning racing?</p> <p>20 <b>A. Well, I think the people who would be going to the</b></p> <p>21 <b>courthouse first would be the UT and LT bondholders.</b></p> <p>22 Q. Okay.</p> <p>23 <b>A. They presumably would be looking to enforce their tax</b></p> <p>24 <b>liens and ask for court permission or rights to do</b></p> <p>25 <b>that, because they do have the tax pledge. That would</b></p>

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<p style="text-align: right;">Page 273</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. You're assuming we don't pay their interest when due</b></p> <p>3 <b>or the contract revenues when due?</b></p> <p>4 Q. You already have not done so, sir.</p> <p>5 <b>A. I know that.</b></p> <p>6 Q. Yeah.</p> <p>7 <b>A. So upon dismissal you're assuming we would continue</b></p> <p>8 <b>not paying those service contracts.</b></p> <p>9 Q. I actually think it doesn't matter whether you do or</p> <p>10 not. I think the acceleration happened, but that's</p> <p>11 just my opinion.</p> <p>12 <b>A. I see. No, we never considered that.</b></p> <p>13 Q. You have not considered that. And I take it you</p> <p>14 haven't considered whether the UTGO or LTGO are</p> <p>15 accelerated upon dismissal of the bankruptcy or have</p> <p>16 previously been accelerated?</p> <p>17 <b>A. No.</b></p> <p>18 Q. As you sit here today, do you know what the amount of</p> <p>19 the pension trust claim against the City is? I mean</p> <p>20 in the dismissal scenario.</p> <p>21 <b>A. Well, if you terminate the plans, this is where I'm</b></p> <p>22 <b>trying to -- there are two different scenarios on the</b></p> <p>23 <b>pension side. One is which the plan continues but you</b></p> <p>24 <b>don't fund it, in which case the unfunded benefit is,</b></p> <p>25 <b>you know, a cost -- that is perhaps as little as 3</b></p>	<p style="text-align: right;">Page 275</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. Well, they have, as I mentioned before, in theory the</b></p> <p>3 <b>right to tax revenues because they have revenue</b></p> <p>4 <b>pledges, correct? So they would have presumably the</b></p> <p>5 <b>same status and they would move to enforce their</b></p> <p>6 <b>rights to receive all those tax revenues and, I</b></p> <p>7 <b>believe, ask for relief not to share those revenues</b></p> <p>8 <b>with the City general fund.</b></p> <p>9 Q. Did you evaluate whether the City is in breach of the</p> <p>10 CETs? Do you know what those are?</p> <p>11 <b>A. I do.</b></p> <p>12 Q. The City Employment Terms?</p> <p>13 <b>A. Yes.</b></p> <p>14 Q. Yeah, is the City in breach of the CETs?</p> <p>15 <b>A. I don't believe we are.</b></p> <p>16 Q. And you know the City has struck a number of</p> <p>17 collective bargaining agreements recently?</p> <p>18 <b>A. Yes, which is why I don't believe we are in breach of</b></p> <p>19 <b>the CETs because they have been replaced --</b></p> <p>20 Q. Let's bring it up to the present. You're aware the</p> <p>21 City has struck collective bargaining agreements with</p> <p>22 all of its unions, correct?</p> <p>23 <b>A. Yes.</b></p> <p>24 Q. Other than the one fire union?</p> <p>25 <b>A. Right, I am aware of that.</b></p>
<p style="text-align: right;">Page 274</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>perhaps as much of \$4 billion dollars of underfunding</b></p> <p>3 <b>as opposed to a termination of the plan, which would</b></p> <p>4 <b>actually have created larger underfunding, which is</b></p> <p>5 <b>one of the reasons that the City has taken the</b></p> <p>6 <b>position we don't terminate the plans we'd rather</b></p> <p>7 <b>freeze them. So in the dismissal scenario, which is</b></p> <p>8 <b>what you're referring to, and we assume that we're not</b></p> <p>9 <b>terminating the plans, I assume we would continue to</b></p> <p>10 <b>have the obligation to fund whenever we can afford to</b></p> <p>11 <b>fund; otherwise, we would be in default under our</b></p> <p>12 <b>payment obligations.</b></p> <p>13 Q. Okay, and the amount of the claim that the pension</p> <p>14 system would have upon dismissal would be the amount</p> <p>15 of the outstanding annual amount for that year?</p> <p>16 <b>A. Which we haven't paid.</b></p> <p>17 Q. Yes, which you have not paid, is that your --</p> <p>18 <b>A. That's my understanding.</b></p> <p>19 Q. And similarly the OPEB claimants would have their</p> <p>20 right to receive payment for the healthcare that they</p> <p>21 were entitled to that year, correct?</p> <p>22 <b>A. Correct.</b></p> <p>23 Q. Okay. What about with UTGO or LTGO, what would the</p> <p>24 size of their claim be against the City upon</p> <p>25 dismissal?</p>	<p style="text-align: right;">Page 276</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. To the best of your knowledge, is the City in</p> <p>3 compliance with all of these collective bargaining</p> <p>4 agreements that it just struck?</p> <p>5 <b>A. To my knowledge, yes.</b></p> <p>6 Q. Okay, isn't it are your expectation that active</p> <p>7 employees would not be people that had claims against</p> <p>8 the City in the dismissal scenario?</p> <p>9 <b>A. So long as we honor the terms of their agreements.</b></p> <p>10 Q. What conclusion did you reach regarding the total</p> <p>11 number of claims that would be asserted -- total</p> <p>12 dollar value of claims that would be asserted against</p> <p>13 the City in a dismissal scenario?</p> <p>14 <b>A. It would be the sum of all the funded debt</b></p> <p>15 <b>obligations, which we've already discussed, which</b></p> <p>16 <b>includes the COPs and the GO debt and the pension and</b></p> <p>17 <b>OPEB claim holders, which presumably we could not</b></p> <p>18 <b>satisfy on an ongoing basis.</b></p> <p>19 Q. And I take it you've never sat down with a piece of</p> <p>20 paper and tried to work this out, right, in terms of</p> <p>21 what the total claim size would be, correct?</p> <p>22 <b>A. Correct, we've not done a dismissal analysis.</b></p> <p>23 Q. Okay.</p> <p>24 <b>A. I testified to that previously.</b></p> <p>25 Q. Yeah, and I -- fair enough. Is it your understanding</p>

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<p style="text-align: right;">Page 277</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 that the City would not be able to undertake the</p> <p>3 restructuring and reinvestment initiatives if the</p> <p>4 petition were dismissed?</p> <p>5 <b>A. It could only do so if it suspended payments to as</b></p> <p>6 <b>many of its creditors as possible.</b></p> <p>7 Q. And have you made an assumption about what the City</p> <p>8 would or would not do in the event the petition were</p> <p>9 dismissed?</p> <p>10 <b>A. Well, I've already testified that back in, this was</b></p> <p>11 <b>December or January when the court initially declined</b></p> <p>12 <b>to approve the postpetition financing, we gave</b></p> <p>13 <b>consideration to how we would operate the City in the</b></p> <p>14 <b>event that we lost access to our required cash. We</b></p> <p>15 <b>began to think about that problem at that point. I</b></p> <p>16 <b>asked Ernst &amp; Young and Conway to start developing an</b></p> <p>17 <b>emergency plan in the case that we lost access to</b></p> <p>18 <b>that, which we ultimately never actually went ahead</b></p> <p>19 <b>and did because it turned out we did get access to</b></p> <p>20 <b>postpetition financing. It was only in that context</b></p> <p>21 <b>we ever examined a worst-case scenario in which the</b></p> <p>22 <b>City had to, you know, allocate its remaining capital</b></p> <p>23 <b>to essential projects.</b></p> <p>24 Q. And so I take -- so you have never personally</p> <p>25 evaluated the extent to which the City would undertake</p>	<p style="text-align: right;">Page 279</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 that correct?</p> <p>3 <b>A. I didn't say that.</b></p> <p>4 Q. I thought -- so what is your -- let me ask this then.</p> <p>5 What is your estimation of what COPs holders would</p> <p>6 recover in the dismissal scenario?</p> <p>7 <b>A. I think they're likely to recover zero, not because of</b></p> <p>8 <b>their classification as a creditor, which is -- I want</b></p> <p>9 <b>to be very clear about that, but just because the City</b></p> <p>10 <b>will have little or no value to distribute because its</b></p> <p>11 <b>remaining cash flow, right, will not be sufficient</b></p> <p>12 <b>once you get through allocation to the GO bondholders</b></p> <p>13 <b>and provide for essential City services to provide any</b></p> <p>14 <b>discretionary cash flow available for future debt</b></p> <p>15 <b>service, which would include sharing that cash flow</b></p> <p>16 <b>with other general unsecured claim holders, because on</b></p> <p>17 <b>the map that we use -- and this goes back to the June</b></p> <p>18 <b>2013 report, the COPs claims are a billion four, at</b></p> <p>19 <b>the time we believed that we had perhaps as much as</b></p> <p>20 <b>\$10 billion of other claims. So on a best-case basis</b></p> <p>21 <b>if the COPs share pro rata, they might get at best 15</b></p> <p>22 <b>cents of whatever we had available to the overall pool</b></p> <p>23 <b>of general unsecured claim holders, that's the best</b></p> <p>24 <b>they could do, but if we have nothing to give anybody,</b></p> <p>25 <b>that is, no security that would trade in the market at</b></p>
<p style="text-align: right;">Page 278</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 the restructuring reinvestment initiatives in the</p> <p>3 dismissal scenario, correct?</p> <p>4 <b>A. Correct.</b></p> <p>5 Q. Now, I think that you testified about this with</p> <p>6 respect to Mr. Soto, but I was catching up a little</p> <p>7 bit. Is it your understanding that in the dismissal</p> <p>8 scenario, creditor recoveries would be on a pari passu</p> <p>9 basis?</p> <p>10 <b>A. Not all creditors.</b></p> <p>11 Q. Okay, which ones would be and which ones would not as</p> <p>12 -- in your assumption?</p> <p>13 <b>A. Well, the UT and LTGO bondholders would be, in my</b></p> <p>14 <b>judgment, at a higher priority than other creditors</b></p> <p>15 <b>because they have the benefit of a tax pledge. It's</b></p> <p>16 <b>my view that the other creditors to the City should be</b></p> <p>17 <b>thought of as general unsecured claim holders and</b></p> <p>18 <b>therefore treated roughly the same.</b></p> <p>19 Q. Okay, so the general unsecured claim holders would be</p> <p>20 recovering on a pari passu basis in the dismissal</p> <p>21 scenario, correct?</p> <p>22 <b>A. That would be my assumption, which is consistent with</b></p> <p>23 <b>the June 2013 proposed treatment of those creditors.</b></p> <p>24 Q. So your estimation of COPs holder recoveries in the</p> <p>25 dismissal scenario is that they would receive zero; is</p>	<p style="text-align: right;">Page 280</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>anything close to a fair value, yeah, they could get</b></p> <p>3 <b>zero.</b></p> <p>4 Q. But that analysis assumes that all the other general</p> <p>5 unsecured claims have accelerated, correct?</p> <p>6 <b>A. Yes.</b></p> <p>7 Q. Now --</p> <p>8 <b>A. Or have a claim on the cash flow of the City, which</b></p> <p>9 <b>further reduces the amount of value available to</b></p> <p>10 <b>accelerate the claims.</b></p> <p>11 Q. Okay. But you haven't actually done the analysis,</p> <p>12 though, to see who would get any surplus revenue that</p> <p>13 exists above operating expenditures and secured debt,</p> <p>14 correct?</p> <p>15 <b>A. You've already asked me this, we have not done a</b></p> <p>16 <b>dismissal analysis.</b></p> <p>17 Q. I'm sorry, I don't mean to go over and over, I just --</p> <p>18 make sure I haven't asked it in a different way.</p> <p>19 <b>A. Anxious to get the answer which I can't give you.</b></p> <p>20 MR. CULLEN: Some kind of turnip or dead</p> <p>21 horse or something.</p> <p>22 <b>A. Is there a metaphor we haven't turned up yet?</b></p> <p>23 MR. CULLEN: It's blood out of a stone.</p> <p>24 Yeah, because you can't get blood out of a stone.</p> <p>25 MR. HACKNEY: I can't -- I'm not going to</p>

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<p style="text-align: right;">Page 281</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 use them again. I shot the wad on all three of them,</p> <p>3 although shot the wad is a good one.</p> <p>4 MR. CULLEN: Gray area.</p> <p>5 MR. HACKNEY: I'm sorry, I agree. Let's</p> <p>6 move on, I'm sorry.</p> <p>7 BY MR. HACKNEY:</p> <p>8 Q. These ad valorem taxes for the UTGO, you're familiar</p> <p>9 with what those are?</p> <p>10 <b>A. In general, yes.</b></p> <p>11 Q. Have you -- have you determined the extent to which in</p> <p>12 a dismissal scenario a UTGO holder would be paid in</p> <p>13 full?</p> <p>14 <b>A. No.</b></p> <p>15 Q. So you don't know the answer to that question?</p> <p>16 <b>A. Only in the -- only with respect to the revenues that</b></p> <p>17 <b>the City has been collecting relative to the millages</b></p> <p>18 <b>that applied to these UTGOs which have been</b></p> <p>19 <b>insufficient to cover the debt. You are aware that</b></p> <p>20 <b>for years the City was supposed to be collecting this</b></p> <p>21 <b>millage but did not do so, and therefore, the ultimate</b></p> <p>22 <b>resolution of the UTGO claim had to take recognition</b></p> <p>23 <b>of that fact, the revenues were not sufficient.</b></p> <p>24 Q. But you haven't studied the question of whether in a</p> <p>25 dismissal scenario UTGO would get more than 74 cents</p>	<p style="text-align: right;">Page 283</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 reinvestment initiatives, you ended up answering the</p> <p>3 question to Mr. Soto in the context of if there was a</p> <p>4 recession that caused impact X, you could study the</p> <p>5 restructuring and reinvestment initiatives and</p> <p>6 determine which could not be deferred and which could;</p> <p>7 do you remember that answer?</p> <p>8 <b>A. I do.</b></p> <p>9 Q. Have you undertaken a study to determine which of the</p> <p>10 restructuring and reinvestment initiatives are</p> <p>11 flexible in that way?</p> <p>12 <b>A. Not a study, but I have an opinion.</b></p> <p>13 Q. You have an opinion?</p> <p>14 <b>A. Yes.</b></p> <p>15 Q. Is it an opinion based -- I mean, is it just a sense</p> <p>16 or is it a formal opinion or --</p> <p>17 <b>A. It's just my opinion.</b></p> <p>18 Q. Just your opinion. What is your opinion?</p> <p>19 <b>A. That in that scenario the first thing I would advise</b></p> <p>20 <b>whoever was responsible to defer blight spending but</b></p> <p>21 <b>to maintain investment programs related to public</b></p> <p>22 <b>safety at all costs.</b></p> <p>23 Q. Okay, so in your view when you look at the</p> <p>24 restructuring or reinvestment initiatives you see</p> <p>25 public safety initiatives as being the ones that are</p>
<p style="text-align: right;">Page 282</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 on the dollar, correct?</p> <p>3 <b>A. That's right.</b></p> <p>4 Q. One of your assumptions is that in the race to the</p> <p>5 courthouse scenario, creditors are unable to compel</p> <p>6 the City to sell assets or to take a lien on public</p> <p>7 property; is that correct?</p> <p>8 <b>A. Yes.</b></p> <p>9 Q. And you say that you understand this to be true,</p> <p>10 correct?</p> <p>11 <b>A. I do.</b></p> <p>12 Q. Who told you that?</p> <p>13 <b>A. Jones Day.</b></p> <p>14 Q. And did you do any analysis to test whether or not</p> <p>15 that advice was correct?</p> <p>16 <b>A. No.</b></p> <p>17 Q. Now, you're aware that PA 436 requires the emergency</p> <p>18 manager to resolve the fiscal crisis facing the City</p> <p>19 of Detroit, correct?</p> <p>20 <b>A. Yes.</b></p> <p>21 Q. Have you evaluated the extent to which asset sales</p> <p>22 might be required in a dismissal scenario by PA 436?</p> <p>23 <b>A. No.</b></p> <p>24 Q. When you were talking about the flexibility of</p> <p>25 spending associated with the restructuring and</p>	<p style="text-align: right;">Page 284</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 least flexible in terms of deferral and blight as</p> <p>3 being the most flexible?</p> <p>4 <b>A. On a very short-term basis.</b></p> <p>5 Q. On a very short term --</p> <p>6 <b>A. If you had to defer spending on blight removal for six</b></p> <p>7 <b>months and come back six months later, you can do</b></p> <p>8 <b>that, the houses aren't going anywhere.</b></p> <p>9 Q. Now, have you undertaken to determine the total amount</p> <p>10 of grant moneys the City has been awarded since the</p> <p>11 June creditor proposal of last year?</p> <p>12 <b>A. Not specifically, no.</b></p> <p>13 Q. Are you aware that the City has been awarded hundreds</p> <p>14 of millions of dollars in grants since that time?</p> <p>15 <b>A. I am.</b></p> <p>16 Q. And have you analyzed the extent to which the City</p> <p>17 could use those grant moneys to fund restructuring and</p> <p>18 reinvestment initiatives?</p> <p>19 <b>A. No. It does accelerate the program, however. Having</b></p> <p>20 <b>more money allows them to take out more blight --</b></p> <p>21 Q. And I'm saying in a dismissal scenario have you</p> <p>22 studied the extent to which the City could use the</p> <p>23 grant moneys to fund restructuring and reinvestment</p> <p>24 initiatives?</p> <p>25 <b>A. No.</b></p>

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<p style="text-align: right;">Page 285</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. Is the City going to be service delivery solvent upon</p> <p>3 emergence from bankruptcy under the plan?</p> <p>4 <b>A. I would say they would approach that standard within</b></p> <p>5 <b>the first year of emergence.</b></p> <p>6 Q. So you believe within a year of emergence the City of</p> <p>7 Detroit will be providing the appropriate level of</p> <p>8 municipal services?</p> <p>9 <b>A. No, I said they will approach that level.</b></p> <p>10 Q. Okay.</p> <p>11 <b>A. Okay? You have --</b></p> <p>12 Q. Now, I'm not sure who's the lawyer.</p> <p>13 <b>A. Well, no, it's a very complicated question -- it's a</b></p> <p>14 <b>complicated question --</b></p> <p>15 Q. Okay.</p> <p>16 <b>A. -- because there are so many categories of service</b></p> <p>17 <b>delivery the City has to fix.</b></p> <p>18 Q. All right, let's take a step back.</p> <p>19 <b>A. All right.</b></p> <p>20 Q. Let's break it down. One of your opinions is that the</p> <p>21 City is service delivery insolvent, correct?</p> <p>22 <b>A. It was service delivery insolvent upon the filing of</b></p> <p>23 <b>the bankruptcy.</b></p> <p>24 Q. Filing of the bankruptcy, okay. One of your opinions</p> <p>25 is that the City was service delivery insolvent at the</p>	<p style="text-align: right;">Page 287</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>probably insolvent but in terms of overall safety they</b></p> <p>3 <b>will probably be solvent by the time they emerge.</b></p> <p>4 Q. That's a fair caveat. So what you're saying is there</p> <p>5 has been enormous work -- there has been an enormous</p> <p>6 amount of work done to date?</p> <p>7 <b>A. Yes.</b></p> <p>8 Q. That work may have rendered certain areas of the City</p> <p>9 service delivery solvent, correct?</p> <p>10 <b>A. Correct.</b></p> <p>11 Q. Included in those areas would be an area like public</p> <p>12 safety, correct?</p> <p>13 <b>A. Yes.</b></p> <p>14 Q. Other areas may be on a path to service delivery</p> <p>15 solvency that ranges in time?</p> <p>16 <b>A. Correct, and you should -- you should probably ask</b></p> <p>17 <b>Mr. Moore where the City stands on all these</b></p> <p>18 <b>programs --</b></p> <p>19 Q. Sure.</p> <p>20 <b>A. -- because Conway MacKenzie's been managing most of</b></p> <p>21 <b>them.</b></p> <p>22 Q. That's a good advice. We'll take you up on that, but</p> <p>23 with respect to you --</p> <p>24 <b>A. You can thank him for me.</b></p> <p>25 Q. What's that?</p>
<p style="text-align: right;">Page 286</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 time it filed, correct?</p> <p>3 <b>A. Correct.</b></p> <p>4 Q. Now let's ask about today, is the City service</p> <p>5 delivery insolvent today?</p> <p>6 <b>A. Yes.</b></p> <p>7 Q. Okay. Do you believe the City will be service</p> <p>8 delivery insolvent as of the anticipated plan</p> <p>9 confirmation date of September 30?</p> <p>10 <b>A. You know, it's a complicated question to answer and I</b></p> <p>11 <b>hesitate only because you have to look at it by</b></p> <p>12 <b>service delivery segment, safety services being the</b></p> <p>13 <b>most important, followed by public lighting, followed</b></p> <p>14 <b>by transportation services. The City has made</b></p> <p>15 <b>dramatic strides in all those areas to improve service</b></p> <p>16 <b>delivery, I'd have to go back and check because I'm</b></p> <p>17 <b>not totally up to speed on where they stand on those</b></p> <p>18 <b>programs. My understanding is that by the time the</b></p> <p>19 <b>City emerges they will have made very dramatic</b></p> <p>20 <b>improvements to public safety programs, so on those --</b></p> <p>21 <b>programs they may well be service solvent, I don't</b></p> <p>22 <b>have a similar opinion on DDOT, which is the</b></p> <p>23 <b>Department of Transportation, and I do know that the</b></p> <p>24 <b>program to relight the City is ongoing and is expected</b></p> <p>25 <b>to be completed next year, so on that element they're</b></p>	<p style="text-align: right;">Page 288</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 <b>A. You can thank him for me.</b></p> <p>3 Q. I will. I will. He's always glad to see me. So do</p> <p>4 you have an opinion as you sit here today of what</p> <p>5 areas where the City is service delivery insolvent or</p> <p>6 close to it at least in your view? I know we can ask</p> <p>7 Mr. Moore but --</p> <p>8 <b>A. I'm not really not current on that.</b></p> <p>9 Q. So you don't know?</p> <p>10 <b>A. It's July, I haven't looked at this issue in a number</b></p> <p>11 <b>of months so I am not current.</b></p> <p>12 Q. So you haven't studied the question?</p> <p>13 <b>A. That's correct.</b></p> <p>14 Q. Now, have you evaluated the likelihood that the City</p> <p>15 might choose to sell its art collection in a dismissal</p> <p>16 scenario?</p> <p>17 <b>A. No.</b></p> <p>18 Q. And have you -- I take it then you haven't evaluated</p> <p>19 the impact such a sale would have on creditor</p> <p>20 recoveries, correct?</p> <p>21 <b>A. We have not done a dismissal analysis.</b></p> <p>22 Q. Okay. Have you considered the possibility that the</p> <p>23 grand bargain might happen even if the petition were</p> <p>24 dismissed?</p> <p>25 <b>A. Well, my understanding is that one of the principal</b></p>

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<p style="text-align: right;">Page 293</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 crippling liabilities would view that its position as</p> <p>3 a lender might be at some point under attack by other</p> <p>4 creditors, that it might find itself in a subsequent</p> <p>5 Chapter 9, have to protect its rights to get repaid</p> <p>6 pursuant to its pledge, and therefore they would want</p> <p>7 to be paid for that risk. They would also probably</p> <p>8 require that the terms of the loan be very short.</p> <p>9 Q. The postpetition facility, however, was not one that</p> <p>10 required plan confirmation, isn't that correct?</p> <p>11 A. That's correct.</p> <p>12 Q. And Barclays facility tolerates dismissal of the</p> <p>13 petition, correct?</p> <p>14 A. That's right.</p> <p>15 Q. And you actually felt that that was a very favorable</p> <p>16 rate, if I recall, correct?</p> <p>17 A. That's true.</p> <p>18 Q. Something on the order of 3-1/2 percent, correct?</p> <p>19 A. It is 3-1/2 percent.</p> <p>20 Q. But your testimony is that even though you were able</p> <p>21 to secure that loan on a secured basis during the</p> <p>22 midst of a at the time nonconsensual bankruptcy that</p> <p>23 if the petition were dismissed that there would be a</p> <p>24 material difference in the secured barring of the</p> <p>25 City?</p>	<p style="text-align: right;">Page 295</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 abilities of the City to save money by privatizing</p> <p>3 DDOT?</p> <p>4 A. That issue has been studied.</p> <p>5 Q. Have you studied it?</p> <p>6 A. No.</p> <p>7 Q. Now, that's something that could be done in a</p> <p>8 dismissal context as well, correct?</p> <p>9 A. In theory, yes.</p> <p>10 Q. Okay, and I take it you have not tried to factor in</p> <p>11 the privatization of DDOT to what creditor recovery</p> <p>12 should be in a dismissal scenario because you did not</p> <p>13 do a dismissal analysis, correct?</p> <p>14 A. Yes.</p> <p>15 Q. And I take it you would give the same answer for any</p> <p>16 other asset whether it was parking or Belle Isle or</p> <p>17 the art collection, correct?</p> <p>18 A. Correct.</p> <p>19 Q. Now, isn't it true that the City's exploring whether</p> <p>20 it can enter into a public-private partnership in</p> <p>21 connection with DWSD?</p> <p>22 MR. CULLEN: To the extent that that's</p> <p>23 public knowledge, it's the subject of mediation.</p> <p>24 MR. HACKNEY: I think the RFP was --</p> <p>25 public. I mean, I read articles about the fact that</p>
<p style="text-align: right;">Page 294</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 A. Well, there were very different facts and</p> <p>3 circumstances surrounding that. I don't believe that</p> <p>4 in any way helps understand what the City would have</p> <p>5 to do to borrow money in a dismissal situation, which</p> <p>6 is what you're positing now.</p> <p>7 Q. Yeah, you're right. By the way, the exit financing</p> <p>8 that you're currently working to line up, that's also</p> <p>9 going to be on secured basis, correct?</p> <p>10 A. We have suggested to lenders that security is</p> <p>11 available but we've also encouraged them to propose</p> <p>12 unsecured financing facilities.</p> <p>13 Q. I think we've talked about this before, but when you</p> <p>14 suggest things to the market they have a tendency to</p> <p>15 not want less than that, right?</p> <p>16 A. Depends on the demand for the financing.</p> <p>17 Q. Do you think that the exit facility might be</p> <p>18 unsecured?</p> <p>19 A. Ask me in a week.</p> <p>20 Q. Okay. I will. Have you assessed the abilities to</p> <p>21 save money by --</p> <p>22 A. I know you will.</p> <p>23 Q. I'm going to call you and ask you.</p> <p>24 A. You have to call Tim first.</p> <p>25 Q. Yeah, I'll get permission. Have you assessed the</p>	<p style="text-align: right;">Page 296</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 emergency manager was soliciting requests for</p> <p>3 proposal.</p> <p>4 MR. BALL: The RFP has been produced, it's</p> <p>5 produced in the case.</p> <p>6 MR. CULLEN: The RFP for which?</p> <p>7 MR. BALL: For the public-private</p> <p>8 partnership.</p> <p>9 A. Yes.</p> <p>10 BY MR. HACKNEY:</p> <p>11 Q. Are you involved in that?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. What is your expect -- so what is your</p> <p>14 expectation regarding the structure of a PPP? And</p> <p>15 what I mean is you remember how you had a conversation</p> <p>16 earlier about the fact that the regional authority</p> <p>17 might entail a sale lease-back with a \$47 million</p> <p>18 annual revenue stream; do you remember that?</p> <p>19 A. I do.</p> <p>20 Q. Is there an analog in the PPP context where somehow</p> <p>21 the City gets revenue out of the PPP agreement?</p> <p>22 MR. CULLEN: This was not in the RFP and</p> <p>23 this is part of the ongoing negotiations in the</p> <p>24 mediation.</p> <p>25 BY MR. HACKNEY:</p>

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<p style="text-align: right;">Page 305</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 percent discount rate calculation; isn't that correct?</p> <p>3 <b>A. For purposes of the plan?</b></p> <p>4 Q. Yes.</p> <p>5 <b>A. Yes.</b></p> <p>6 Q. Well, let me put it this way. You took the numbers</p> <p>7 from the plan and those numbers are based on the 6.75</p> <p>8 percent discount rate, correct?</p> <p>9 MR. BALL: I'm going to object, that</p> <p>10 mischaracterizes the plan.</p> <p>11 MR. CULLEN: I couldn't hear you.</p> <p>12 MR. BALL: I'm going object, it</p> <p>13 mischaracterizes the plan.</p> <p>14 <b>A. There are two different rates -- we use different</b></p> <p>15 <b>rates for PFRS and GRS, so which rate are you talking</b></p> <p>16 <b>about?</b></p> <p>17 Q. Let's do it this way. Let me see if I can speed it</p> <p>18 up. When you calculated the pension UAAL at 3.129</p> <p>19 billion, for that you relied on the presentation in</p> <p>20 the plan?</p> <p>21 <b>A. Yes.</b></p> <p>22 Q. Similarly for OPEB UAAL you calculated that to be</p> <p>23 4.303 billion and you similarly relied on its</p> <p>24 presentation in the plan for that number, correct?</p> <p>25 <b>A. Yes.</b></p>	<p style="text-align: right;">Page 307</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 stage?</p> <p>3 <b>A. Yes.</b></p> <p>4 Q. And the first round in response to the solicitation</p> <p>5 letter is where people give you, the investment</p> <p>6 banker, nonbinding indications of interest, correct?</p> <p>7 <b>A. That's right.</b></p> <p>8 Q. And then it's your job to follow up on those and see</p> <p>9 who you can hammer into a firm commitment?</p> <p>10 <b>A. Correct.</b></p> <p>11 Q. And if I asked you questions about who you're</p> <p>12 approaching --</p> <p>13 MR. CULLEN: We've been through this.</p> <p>14 MR. HACKNEY: Did you cover this yesterday?</p> <p>15 MR. CULLEN: Yes.</p> <p>16 MR. HACKNEY: So because the exit financing</p> <p>17 is an ongoing process you're asserting effectively a</p> <p>18 commercial sensitivity privilege to --</p> <p>19 MR. CULLEN: Yes.</p> <p>20 MR. HACKNEY: -- questions relating to his</p> <p>21 efforts in connection with the exit financing?</p> <p>22 MR. CULLEN: Yes.</p> <p>23 MR. HACKNEY: So I'll note for the record,</p> <p>24 Mr. Cullen, what I could see -- I certainly see the</p> <p>25 logic of it because it's ongoing, on the other hand we</p>
<p style="text-align: right;">Page 306</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 Q. You haven't independently sought to assess the</p> <p>3 accuracy of either of those two numbers, correct?</p> <p>4 <b>A. Correct.</b></p> <p>5 Q. Did I hear you say that you have sent out the</p> <p>6 solicitation letter for the exit financing?</p> <p>7 <b>A. Yes, it went out on Friday.</b></p> <p>8 Q. It went out on Friday?</p> <p>9 <b>A. Yes.</b></p> <p>10 Q. You were waiting on approval of the treasurer's office</p> <p>11 before that went out?</p> <p>12 <b>A. That was -- yes. First, we were waiting for the</b></p> <p>13 <b>legislation to pass in Lansing establishing an</b></p> <p>14 <b>oversight commission, and that was not done until June</b></p> <p>15 <b>20th I think it was, and then we wanted to make sure</b></p> <p>16 <b>that the state treasurer's office agreed with the</b></p> <p>17 <b>amount of borrowing the City was attempting to seek,</b></p> <p>18 <b>and of course the holiday intervened with that so it</b></p> <p>19 <b>didn't go out until last Friday.</b></p> <p>20 Q. Got it. Okay. And you are following a similar</p> <p>21 process to the one you did on the postpetition</p> <p>22 financing which is to say that you send out a</p> <p>23 solicitation letter and then you get back first</p> <p>24 nonbinding indications of interest from potential</p> <p>25 lenders and you evaluate them and then go to the next</p>	<p style="text-align: right;">Page 308</p> <p>1 KENNETH BUCKFIRE, VOLUME 2</p> <p>2 are talking about an expert who has based his opinions</p> <p>3 on access in part on it, so we may have to have a</p> <p>4 conversation later about whether we revisit it with</p> <p>5 him once he's gotten it done so --</p> <p>6 MR. CULLEN: Well, might make a lot of this</p> <p>7 moot.</p> <p>8 MR. HACKNEY: That's probably true, maybe</p> <p>9 we'll stand in awe of it.</p> <p>10 MR. CULLEN: The world will be different</p> <p>11 once it's done.</p> <p>12 THE WITNESS: As I mentioned --</p> <p>13 MR. HACKNEY: I'm just going to reserve on</p> <p>14 that so we can get past it.</p> <p>15 MR. CULLEN: No, and -- and --</p> <p>16 MR. BALL: As we have.</p> <p>17 MR. CULLEN: And Robin didn't roll over and</p> <p>18 beg either so --</p> <p>19 BY MR. HACKNEY:</p> <p>20 Q. I'm sorry.</p> <p>21 <b>A. I mentioned in my testimony -- my testimony yesterday</b></p> <p>22 <b>I did indicate that we'd already sent it out to 15</b></p> <p>23 <b>parties --</b></p> <p>24 Q. Okay.</p> <p>25 <b>A. -- which we've been talking with for months and that</b></p>

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